THE LAND TRUST FOR SANTA BARBARA COUNTY
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

June 30, 2025

McGILLOWAY, RAY, BROWN & KAUFMAN
ACCOUNTANTS & CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
of The Land Trust for Santa Barbara County

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Land Trust for Santa Barbara County, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Land Trust for Santa Barbara County as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

McGilloway, Ray, Brown & Kaufman

McGilloway, Ray, Brown & Kaufman
Salinas, California
February 12, 2026

THE LAND TRUST FOR SANTA BARBARA COUNTY
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF FINANCIAL POSITION
June 30, 2025
(with summarized comparative information at June 30, 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 5,373,866	$ 643,768
Short-term investments	670,342	1,423,036
Pledges receivable - current portion	14,000	24,000
Grants receivable, net	64,081	713,533
Accounts receivable	61,211	115,417
Prepaid expenses	68,797	66,500
Total current assets	6,252,297	2,986,254
Property and equipment, net	259,619	270,361
Other assets		
Investments	18,298,041	17,214,418
Deposits	80,944	81,133
Pledges receivable, net	412,039	64,116
Property held for conservation purposes	4,018,418	2,765,131
Total other assets	22,809,442	20,124,798
Total assets	$ 29,321,358	$ 23,381,413
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 51,439	$ 103,355
Accrued expenses	78,455	122,117
Deposits received	36,977	23,877
Total current liabilities	166,871	249,349
Net assets		
Without donor restrictions		
Undesignated	7,611,606	6,550,186
Board designated	8,366,601	7,319,182
Total without donor restrictions	15,978,207	13,869,368
With donor restrictions		
Purpose and time restrictions	11,724,408	7,810,825
Perpetual in nature	1,451,872	1,451,871
Total with donor restrictions	13,176,280	9,262,696
Total net assets	29,154,487	23,132,064
Total liabilities and net assets	$ 29,321,358	$ 23,381,413

The accompanying notes are an integral part of these financial statements

THE LAND TRUST FOR SANTA BARBARA COUNTY
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025
(with summarized comparative information for the year ended June 30, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue				
Individual contributions and membership	$ 81,437	$ 7,362	$ 88,799	$ 94,396
Major gifts	1,349,149	242,183	1,591,332	2,465,370
Foundation and other grants	90,000	10,234,689	10,324,689	18,917,401
Special event, net of $50,418 expense	216,022	-	216,022	182,838
Program revenue	-	8,555	8,555	78,827
Rental income	27,122	-	27,122	30,672
Interest and dividends	431,965	54,604	486,569	385,106
Micellaneous income	3,000	-	3,000	6,000
In-kind revenues	21,392	-	21,392	21,100
Investment value change, net	862,794	34,373	897,167	1,034,068
Total support and revenue	3,082,881	10,581,766	13,664,647	23,215,778
Net assets released from restrictions	6,668,182	(6,668,182)	-	-
Total support, revenue and net assets released from restrictions	9,751,063	3,913,584	13,664,647	23,215,778
Expenses				
Program services				
Nature preserves	524,194	-	524,194	269,710
Stewardship programs	480,579	-	480,579	359,145
Land project development	2,249,041	-	2,249,041	19,038,656
Land programs	732,790	-	732,790	582,064
Total program services	3,986,604	-	3,986,604	20,249,575
Supporting services				
Management and general	386,248	-	386,248	342,176
Fundraising	504,299	-	504,299	454,236
Total supporting services	890,547	-	890,547	796,412
Total expenses	4,877,151	-	4,877,151	21,045,987
Other changes				
Impairment loss on conservation land	2,765,073	-	2,765,073	-
Change in net assets	2,108,839	3,913,584	6,022,423	2,169,791
Net assets, beginning of year	13,869,368	9,262,696	23,132,064	20,962,273
Net assets, end of year	$ 15,978,207	$ 13,176,280	$ 29,154,487	$ 23,132,064

The accompanying notes are an integral part of these financial statements

THE LAND TRUST FOR SANTA BARBARA COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR 2024)

	Program Services					Supporting Services			Totals	
	Nature Preserves	Stewardship Programs	Land Project Development	Land Programs	Total Projects	Management and General	Fundraising	Total Supporting Services	2025	2024
Salaries, wages and benefits	$ 178,202	$ 385,523	$ 513,532	$ 486,349	$ 1,563,606	$ 140,973	$ 309,895	$ 450,868	$ 2,014,474	$ 1,672,880
Indirect Costs										
Accounting	-	-	300	-	300	57,250	-	57,250	57,550	60,000
Advertising	-	-	-	7,502	7,502	-	230	230	7,732	12,497
Banking fees	-	-	-	-	-	4,065	7,134	11,199	11,199	10,834
Continuing education	-	773	713	3,955	5,441	2,945	583	3,528	8,969	2,892
Depreciation	31,762	-	429	-	32,191	11,803	-	11,803	43,994	41,182
Dues and fees	3,683	10,280	12,470	14,068	40,501	516	10,852	11,368	51,869	25,707
In kind expenses	-	-	-	-	-	-	21,392	21,392	21,392	-
Information technology	12,994	20,905	26,754	25,822	86,475	8,144	16,922	25,066	111,541	87,950
Insurance	19,346	5,602	4,601	12,840	42,389	27,018	396	27,414	69,803	49,970
Meetings and events	7	70	568	6,535	7,180	5,306	8,329	13,635	20,815	33,235
Occupancy	8,225	16,860	22,623	20,653	68,361	5,789	12,929	18,718	87,079	81,624
Office supplies	1,114	1,958	2,232	2,471	7,775	108	1,536	1,644	9,419	8,220
Travel, mileage and parking	4,573	5,334	5,058	4,745	19,710	6,476	1,789	8,265	27,975	15,687
Total Indirect Costs	81,704	61,782	75,748	98,591	317,825	129,420	82,092	211,512	529,337	429,798
Direct Costs										
Acquisition expense	-	-	1,427,004	-	1,427,004	-	-	-	1,427,004	18,335,826
Improvements	153,671	1,386	103	12,111	167,271	8,889	-	8,889	176,160	97,326
Legal fees	13,593	12,170	86,598	2,033	114,394	2,934	-	2,934	117,328	130,938
Printings and mailings	4	9	116	10,178	10,307	6,904	8,614	15,518	25,825	35,874
Professional services	79,151	17,444	142,543	109,775	348,913	95,436	98,478	193,914	542,827	319,358
Programs and other direct costs	196	-	-	11,018	11,214	60	3,508	3,568	14,782	15,574
Property taxes	14,069	2,265	3,397	2,735	22,466	767	1,712	2,479	24,945	4,980
Utilities	3,604	-	-	-	3,604	865	-	865	4,469	3,433
Total Direct Costs	264,288	33,274	1,659,761	147,850	2,105,173	115,855	112,312	228,167	2,333,340	18,943,309
2025 Total Expenses	**$ 524,194**	**$ 480,579**	**$ 2,249,041**	**$ 732,790**	**$ 3,986,604**	**$ 386,248**	**$ 504,299**	**$ 890,547**	**$ 4,877,151**	**$ 21,045,987**
2024 Total Expenses	**$ 269,710**	**$ 359,145**	**$ 19,038,656**	**$ 582,064**	**$ 20,249,575**	**$ 342,176**	**$ 454,236**	**$ 796,412**		

The accompanying notes are an integral part of these financial statements

THE LAND TRUST FOR SANTA BARBARA COUNTY
(A California Nonprofit Public Benefit Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(with summarized comparative information for the year ended June 30, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,022,423	$ 2,169,791
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	43,994	41,182
Net realized/unrealized loss (gain) on investments	(1,036,210)	(1,124,978)
(Increase) decrease in assets		
Pledges receivable	(337,923)	307,187
Accounts receivable	54,206	16,533
Deposit	189	(2,264)
Grants receivable	649,452	(556,742)
Prepaid expenses	(2,297)	(15,670)
Increase (decrease) in liabilities		
Accounts payable	(51,916)	64,884
Accrued expenses	(43,662)	27,646
Deposits received	13,100	(128)
Net cash provided by operating activities	5,311,356	927,441
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,039,204)	(12,456,842)
Proceeds from sale of investments	4,744,485	11,846,596
Conservation land and land deposits	(1,253,287)	-
Purchase of property and equipment	(33,252)	(12,433)
Net cash used by investing activities	(581,258)	(622,679)
Net increase in cash and cash equivalents	4,730,098	304,762
CASH AND CASH EQUIVALENTS, beginning of year	643,768	339,006
CASH AND CASH EQUIVALENTS, end of year	$ 5,373,866	$ 643,768

The accompanying notes are an integral part of these financial statements

1. Organization and Activities

Nature of Activities

The Land Trust for Santa Barbara County (the "Land Trust"), a California non-profit public benefit corporation, was established and incorporated in 1982. The Land Trust's purpose is to conserve, restore, and manage agricultural, natural and open space lands for public benefit. The Land Trust facilitates and manages partnerships among private landowners, educational institutions and government agencies to acquire and steward priority lands, and provides information and materials to the public on land conservation issues.

Accreditation

In May 2009, the Land Trust Accreditation Commission, an independent program of the Land Trust Alliance, awarded accredited status to the Land Trust. This accreditation indicates the Land Trust meets national quality standards for protecting important natural places and working lands forever and lets the public know that the accredited land trust has undergone an extensive, external review of the governance and management of its organization and the systems and policies it uses to protect land. The Land Trust was one of the first in the nation to receive this recognition. The accreditation review is performed every 5 years. The Land Trust was granted re-accreditation in 2015 and again in August of 2020. The Land Trust applied for re-accreditation again in 2025.

Activities

The Land Trust acquires land and conservation easements by purchase and donation. As of June 30, 2025, the Land Trust has completed conservation transactions protecting 57,942 acres of land throughout Santa Barbara County. All transactions are in conformity with the Uniform Standards of Professional Appraisal Practice and reviewed in accord with the Standards and Practices of the Land Trust Alliance. Donated interests in lands, where the landowner wishes to be eligible for certain federal and state conservation tax benefits, are required to have an appraisal commissioned by the landowner, in accordance with U.S. Internal Revenue Code Section 170(f)(11). When used to substantiate a tax deduction or credit, landowner appraisals are subject to federal and state tax audit, including penalties for misstatement of values in the appraisal. Purchased land interests require an appraisal prepared for the Land Trust to the standards of the federal, state or local funding agency or private foundation. The Land Trust also engages in education and conservation planning, land stewardship and natural resource restoration projects, small scale and large, in collaboration with private landowners, public agencies and local community groups.

During the year ended June 30, 2025, the Land Trust was actively involved in several land conservation, restoration, public access and education projects, including, but not limited to:

A. Nature Preserves (Owned by the Land Trust)

Arroyo Hondo Preserve, including Gaviota Overlook

910-acre property owned and managed by the Land Trust as a natural and historic preserve with youth and adult outdoor education programs, volunteer activities, and designated open public access days. The 80-acre Steelhead Lookout contiguous parcel was purchase in 2025, ensuring 100% of Arroyo Hondo Creek is protected. Small-scale habitat restoration work funded by a foundation grant and the Natural Resources Conservation Service includes installation of native plants and maintenance of previously restored habitats. Restoration work is completed by staff, volunteers, and contracted labor. On-going maintenance activities occur for the adobe, barn, and other ranch infrastructure including trails, water systems, and fencing. The Land Trust manages Gaviota Overlook and Steelhead Lookout as sections of Arroyo Hondo Preserve, but

they are not yet open to the public. In this portion of the property, we gather baseline data including boundary and resources surveys to begin planning for restoration, habitat management, and trail building at Gaviota Overlook. Updates to the Arroyo Hondo Preserve management plan are underway to add Gaviota Overlook and Steelhead Lookout.

Carpinteria Salt Marsh Preserve

This 35-acre Land Trust property is open to public access on established trails, including an accessible trail. The Land Trust conducts routine monitoring and maintenance work. The Land Trust also holds conservation easements on private parcels in the marsh and cooperates with UCSB, the City of Carpinteria, Santa Barbara County Flood Control, and other marsh owners on research, planning and stewardship of the 230-acre Carpinteria Salt Marsh. Recent activities also included construction of a new bridge along Sandyland Cove Road to replace an old bridge that no longer met fire department standards. This was a project of the neighboring homeowners' association who use the road approved by the Land Trust as the bridge impacts a portion of Land Trust property.

Coronado Butterfly Preserve

9 acres owned and managed by the Land Trust for monarch butterfly habitat, native plant restoration, and outdoor education programs. Ongoing planting and maintenance is done largely by volunteers with the help of grants from agencies such as Goleta West Sanitary District and the County of Santa Barbara. The Land Trust has worked to enhance interpretive signs and passive education, and current activities include ongoing tree maintenance, drainage repair, and collaboration with the City on Goleta on a number of projects.

Hot Springs Canyon

The 40-acre parcel owned and managed by the Land Trust as Hot Springs Canyon Parcel 2 was purchased in 2012 as part of a 462-acre property near the Montecito community east of the City of Santa Barbara. The property, commonly known as "Hot Springs Canyon," is regularly used by the public for hiking, biking, and horseback riding. In fiscal year 2013, the Land Trust conveyed the majority of the property (422 acres) to the U.S. Forest Service.

B. Conservation Easements and Stewardship

The Land Trust holds conservation easements on 59 properties in Santa Barbara County, protecting in perpetuity 49,562 acres of ranch, farm, wildlife habitat, and community open space land. Each easement is monitored annually for compliance. One new easement was acquired in fiscal year 2025. In addition, the Land Trust holds ownership of 996 acres of property open and accessible to the public for educational and recreational use.

The Land Trust has also helped purchase or preserve an additional 7,384 acres of land which have been subsequently transferred to other entities, including Hot Springs Canyon, Rancho Las Cruces, and the Sedgwick Reserve. The Land Trust no longer holds a real estate interest in these properties but counts them towards protected acres due to our role in their conservation. These transferred properties are further detailed in Note 7.

Other properties, such as Carpinteria Bluffs Nature Preserve, Rincon Bluffs Preserve, Big Bend Ranch were bought or donated in fee, and the Land Trust transferred ownership to other entities while retaining a conservation easement over them. These properties are therefore now counted as easements, rather than transfers, due to our ongoing interest in them.

In addition to monitoring, holding, and transferring easements and properties, the Land Trust also manages landowner requests to exercise reserved rights and resolves easement violations as needed. The Land Trust works to educate landowners, particularly new or successor landowners, on the terms of their easement to facilitate productive, proactive working relationships. The Land Trust tracks and works to resolve violations and potential violations of conservation easements. As the conservation easements age and successor owners purchase properties, the Land Trust is spending more time interpreting easements and addressing potential violations.

The Land Trust also amends easements occasionally, either at landowner request or as a result of a need to modernize and clarify easement language. Conservation easement amendments must conform to all requirements of the Land Trust Alliance and the Land Trust's project selection criteria, be approved by Land Committee and the Board of Trustees, and sometimes additionally are reviewed by the California attorney general's office. Amending a conservation easement must confer additional conservation value or protections and not result in impermissible private benefit to the landowner, among other requirements.

C. Ongoing, Prior Year Completed Projects, and New Project Developments

Dangermond

In November 2023, the Land Trust completed acquisition of a conservation easement on the Dangermond Preserve near Point Concepcion and Jalama County Beach with funding from the US Department of Defense's Readiness and Environmental Protection Integration Program. This easement was purchased for $15,000,000 with funds awarded in 2020 and 2021. The easement will permanently protect the varied oak woodland, coastal scrub, riparian, wetland, grassland, and chaparral habitat of the Preserve's 24,341 acres.

Restoration Oaks

In March 2024, The Land Trust completed acquisition of a conservation easement on the 955-acre Restoration Oaks Ranch between Gaviota and Buellton with a $2,583,000 grant from the California Department of Conservation's Sustainable Agricultural Lands Conservation Program. The easement protects the property's extensive oak woodland and rangeland as well as the small U-Pick berry farm run on the ranch.

Rincon Gateway

Funded by a private foundation, the Land Trust acquired a 2.48-acre parcel in Carpinteria, California adjacent to the Rincon Bluffs Preserve in January of 2025. The Land Trust intends to transfer the property to the City of Carpinteria subject to a Land Trust held conservation easement, conserving the scenic recreational space and expanding the Rincon Bluffs Preserve. See Note 19.

Steelhead Lookout

Through the support from a private donor, the Land Trust acquired an 80-acre parcel of vacant land on the Gaviota Coast immediately adjacent to the Arroyo Hondo Preserve in March of 2025. The parcel houses the last unprotected stretch of Arroyo Hondo Creek. The property expands Arroyo Hondo Preserve, provides protected habitat for Southern California steelhead trout, and the potential for expanded

recreational trail access.

Paradiso del Mare

The Land Trust will hold mitigation easements on two parcels totaling 121 acres on the Gaviota Coast providing protection for coastal scrub, grassland and riparian habitat as well as coast viewshed. Though initiated in 2016, the Land Trust closed on the easements in July of 2025.

Rancho Dos Alamos

In late 2023, the Land Trust secured the funds needed to purchase a conservation easement on the 587-acre Rancho Dos Alamos in the Solomon Hills south of Orcutt. Funds were awarded to the Land Trust from the California Department of Conservation's Sustainable Agricultural Lands Conservation Program based on an appraised easement value of $1,820,000. The easement will be completed before the end of 2025, and will protect the varied oak woodland, scrub, and grassland habitat of the property, as well as the property's agricultural viability into the future.

Las Cruzitas Ranch

In early 2025 the Land Trust was awarded a National Resource Conservation Service Agricultural Land Easement grant for half of the funding to purchase of a conservation easement over the 1,439-acre Las Cruzitas Ranch in the Happy Canyon region of the Santa Ynez Valley. The easement will likely be completed in late 2026 or early 2027, subject to the balance of funding, and will protect the property's grazing uses as well as the native grasslands, oak woodland, and chaparral that provides habitat to several sensitive bird species. The easement will also serve as a key linkage in the wildlife corridor between Lake Cachuma and the San Rafael Wilderness.

The Land Trust is increasing diverse community engagement and partnerships to strengthen conservation activities in Santa Barbara County and ensure subsequent generations of people value open space and working lands. The current strategic plan calls for broadening and deepening relationships throughout the county with an emphasis on increasing recreational resources and coastal access for communities in the northern areas of the county.

D. Land Programs

Land Trust Treks, a free public program of guided outdoor activities, was piloted in 2021 and continues as an outreach and education tool to connect with new audiences. This year, the Land Trust was able to offer year-round programming with Treks offered at more than a dozen locations throughout the County. The program continues to connect new members of the community to the Land Trust. Bi-lingual Treks and Treks regularly scheduled in Guadalupe and Orcutt are on-going features of Treks.

The Land Trust has increased its connection with partners and communities by participating in local and regional community events such as Chumash Earth Day, Lompoc Flower and Art Fair, and Trailpalooza in Orcutt. Through new and strengthening partnerships with other community-based organizations, the Land Trust continues to expand our relationships with members of the public. After our first pilot year in 2022, the Land Trust a new program of field trips was established for community groups who face barriers to open space. The Land Trust work with partner groups to plan field trips supported by docents, transportation, and food.

This year, a series of training and continuing education opportunities was held for volunteers for the Land Trust's Arroyo Hondo Preserve docents, Trek, and restoration and trail crews. Additionally, the Land

Trust established a new volunteer-led restoration project at the Dangermond Preserve, where the Land Trust holds a conservation easement. Orientations and trainings were provided to incoming volunteers.

The Land Trust continues with a careful approach to tribal diplomacy and engagement. The Indigenous-led non-profit the Land Trust partnered with to guide an outreach and engagement process with the Chumash entities and community-members has led to connections with Chumash artists and educators to guide revision of educational signs and materials related to Chumash history and present community.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

Accounting principles generally accepted in the United States of America (GAAP) require that the Land Trust report information regarding its financial position and activities according to two classes of net assets based on the existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Land Trust.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Land Trust or by the passage of time. Other donor restrictions are permanent in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is met, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not presented by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Land Trust's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consists of cash on hand, cash in banks and cash in money market funds. The Land Trust maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Land Trust has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Short-term Investments

The Land Trust includes in short-term investments certificates of deposits and U.S. Treasury notes. Certificates of deposit and U.S. Treasury notes are valued utilizing benchmark yields, reported trades or broker dealer quotes and are Level 2 (see *Fair Value Measurements* below).

Pledges Receivables

Pledges receivables are measured at fair value on the date a written unconditional promise to give is received from the donor. On this date, the fair value is measured using an income approach which incorporates inputs including estimated credit risk, estimated timing of cash receipts, and an appropriate present value discount factor.

Accounts Receivable

Accounts receivable primarily include amounts due for employee retention credit receivable. The Land Trust performs credit evaluations of receivables and evaluates the need for allowances for potential credit losses based on historical experience, as well as current and expected general and economic conditions. Management believes that all accounts are fully collectible and that the credit risk for potential loss is low; therefore, no allowance for credit losses has been recorded.

Investments

Investments in marketable securities and non-conservation real estate with readily determinable fair values and all investments in marketable debt securities are valued at their fair values in the statement of financial position. Donated securities are recorded at their fair value at date of receipt.

Property and Equipment

The Land Trust's investment in farm vehicles, furniture and computer equipment is stated at cost, or fair market value if donated. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation is calculated using the straight-line method over an estimated useful life of five to ten years. The Land Trust capitalizes assets with a cost of $5,000 or more with an expected useful life of greater than one year.

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures* (ASC 820) issued by the Financial Accounting Standards Board (FASB) defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. Pursuant to ASC 820, assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure fair value. ASC 820 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

> **Level 1** – Quoted prices are available in active markets for identical investments as of the reporting date.
>
> **Level 2** – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
>
> **Level 3** – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following is a description of the valuation methodologies used for investments measured at fair value.

> **Cash**: Valued at face value (Level 1)

Cash equivalents- money market funds: Valued at face value (Level 1)

Short-term investments-certificates of deposit and treasury notes: Valued utilizing benchmark yields, reported trades or broker dealer quotes (Level 2)

Mutual and exchange traded funds: Valued utilizing quoted prices available in active markets for identical investments as of the reporting date (Level 1)

Non-conservation Real Estate

Represents housing for the executive director. In April 2021, the Land Trust sold a 40% interest to the executive director and the Land Trust now owns 60% equity interest in the property. Refer to Note 14. The real estate is valued at cost, original value plus improvements.

Contributed Services

The Land Trust recognizes contribution revenue for specialized services that would otherwise be purchased by the Land Trust in an amount equal to the fair value of those services. Contributed services, which meet certain authoritative criteria and can be objectively valued, have been reflected as contributions in-kind.

Functional Expenses

The Land Trust allocates its expenses on a functional basis among its various projects and support services. Expenses that can be identified with a specific project and support service are allocated directly according to their expenditure classification. Other indirect expenses that are common to several functions are allocated using various statistical bases.

Property Held for Conservation Purposes

Property held for conservation purposes includes purchased or donated properties to be sold or transferred to governmental agencies or other individuals and organizations for conservation purposes or maintained as a nature preserve. Purchased land is stated at the lesser of cost or fair market value. Donated properties are initially recorded at their appraised values at the date of contribution and are carried at the lower of this amount or fair market value. Preserved land and conservation easements are treated as commitments and are recorded in property held for conservation purposes as $1 each and as net assets with donor restrictions.

Grants

The majority of grants are received from federal, state, and local agencies, as well as from private organizations, to be used for specific programs and land purchases. Conditional grants are recorded as public support when conditions on which they depend are substantially met. Refer to Note 11. Costs incurred under the government grants are subject to audit by government agencies.

Management believes that the disallowance of costs, if any, would not be material to the financial statements.

Tax Exempt Status

The Land Trust is an exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code, and is considered a public charity.

Uncertain Tax Positions

Financial Accounting Standards Board's ASC 740-10, *Accounting for Uncertainty in Income Taxes,*

prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Land Trust files tax returns in the U.S. federal jurisdiction and in the state of California.

The Land Trust's tax returns from the year 2021 to the present remain subject to examination by the IRS for federal tax purposes, and the tax years from 2020 to the present remain subject to examination by the state of California. Management has evaluated its tax positions for all jurisdictions in which the statute of limitations remains open and has determined that the Land Trust had taken no uncertain tax positions that require adjustment to the financial statements. The Land Trust is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

Leases

The Land Trust has adopted Financial Accounting Standard Board (FASB) Accounting Standard codification (ASC 842), *Leases*. For leases with a lease term greater than one year, the Land Trust recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Land Trust determines whether an arrangement is or contains a lease at contract inception. A policy election was made to not capitalize short-term leases with a lease term of 12 months or less.

Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Land Trust uses a risk-free rate of a period comparable with that of the lease term. The Land Trust considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Land Trust is reasonably certain to exercise the option, (2) terminate the lease if the Land Trust is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor.

Use of Estimates

Financial statements prepared in accordance with GAAP require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

3. Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30:

	2025	2024
Cash	$ 5,373,866	$ 643,768
Short-term investments	670,342	1,423,036
Investments	18,298,041	17,214,418
Pledges receivable	14,000	24,000
Grants receivable	64,081	713,533
Accounts receivable	61,211	115,417
Total financial assets of June 30, 2025	$ 24,481,541	$ 20,136,196
Less those unavailable for general expenditures within one year due to :		
Restricted by donor with purpose restrictions:	12,839,906	9,006,736
Subject to appropriation and satisfaction of donor restrictions	336,374	255,960
Board designated net assets	8,366,601	7,319,182
	21,542,881	16,581,878
Total financial assets available to meet cash needs for general expenditure within one year	$ 2,938,660	$ 3,554,318

4. Investments

Investments consist of the following as of:

June 30, 2025	Cost	Fair Value	Excess (Deficit) of Fair Value Over Cost
Cash equivalents	$ 5,040,755	$ 5,040,755	$ -
U.S treasury notes	793,633	792,527	(1,106)
Fixed income funds	569,596	567,017	(2,579)
Equity funds	14,798,109	16,814,149	2,016,040
Non-conservation real estate	794,660	794,660	-
	$ 21,996,753	$ 24,009,108	$ 2,012,355

June 30, 2024	Cost	Fair Value	Excess (Deficit) of Fair Value Over Cost
Cash equivalents	$ 422,803	$ 422,803	-
U.S treasury notes	2,099,387	2,099,456	69
Fixed income funds	927,859	914,010	(13,849)
Equity funds	13,191,806	14,418,222	1,226,416
Non-conservation real estate	782,963	782,963	-
	$ 17,424,818	$ 18,637,454	$ 1,212,636

Investment income (loss) consists of the following for the years ended June 30:

	2025	2024
Dividends and interest	$ 487,970	$ 385,098
Net realized gain (loss)	215,825	(480,563)
Net unrealized gain	799,257	1,605,541
	1,503,052	1,510,076
Less investment fees	(117,915)	(90,902)
	$ 1,385,137	$ 1,419,174

5. Fair Value Measurements

The following sets forth by level, within the fair value hierarchy, the Land Trust's assets measured at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 5,040,755	$ -	$ -	$ 5,040,755
U.S treasury notes	-	792,527	-	792,527
U.S equity	5,445,618	-	-	5,445,618
Int'l equity	1,018,444	-	-	1,018,444
Mutual funds:				-
U.S equity funds	2,445,016	-	-	2,445,016
Int'l equity	242,012	-	-	242,012
U.S fixed income	567,017	-	-	567,017
Exchange traded funds:				-
U.S equity funds	3,446,991	-	-	3,446,991
Int'l equity	148,291	-	-	148,291
Fixed income:				-
Corporate fixed income	-	2,370,203	-	2,370,203
Gov't-fixed income	-	1,697,574	-	1,697,574
	$ 18,354,144	$ 4,860,304	$ -	$ 23,214,448
Real estate investment	$ 794,660			

The following sets forth by level, within the fair value hierarchy, the Land Trust's assets measured at fair value as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 422,804	$ -	$ -	$ 422,804
U.S treasury notes	-	2,099,456	-	2,099,456
U.S equity	5,263,259	-	-	5,263,259
Int'l equity	916,241	-	-	916,241
Mutual funds:				-
U.S equity funds	2,524,258	-	-	2,524,258
Int'l equity	567,281	-	-	567,281
U.S fixed income	896,883	-	-	896,883
Int'l fixed income	17,127	-	-	17,127
Exchange traded funds:				-
U.S equity funds	2,018,452	-	-	2,018,452
Int'l equity	298,633	-	-	298,633
Fixed income:				-
Corporate fixed income	-	2,496,856	-	2,496,856
Gov't-fixed income	-	333,241	-	333,241
	$ 12,924,938	$ 4,929,553	$ -	$ 17,854,491
Real estate investment	$ 782,963			

6. Pledges Receivable

Pledges receivable as of June 30, 2025, are estimated to be received as follows:

Years ending June 30,	
2026	$ 374,000
2027	14,000
2028	14,000
2029	14,000
2030	14,000
	430,000
Less unamortized discount	(3,961)
	$ 426,039

Pledges receivable due after one year are recorded at the present value of estimated future cash flows using a discount rate of 3% per annum. The present value discount is amortized to contribution income over the terms of the pledges receivable.

7. Conservation Land and Easements

Land held in fee title ownership by the Land Trust includes:

Carpinteria

Carpinteria Salt Marsh Preserve – 35 acres of coastal wetland habitat including a public trail.

Rincon Gateway – Approximately 2.5 acres of open space suitable for community access and recreation adjacent to the Rincon Bluffs.

Gaviota

Arroyo Hondo Preserve, including Gaviota Overlook and Steelhead Lookout – 910-acre property owned and managed by the Land Trust as a natural and historic preserve with youth and adult outdoor education programs, volunteer activities, and designated open public access days.

Goleta

Coronado Butterfly Preserve – 9 acres of natural open space, monarch butterfly habitat, a small creek, and public trails.

Montecito

Hot Springs Canyon – 40 acres retained by the Land Trust in fee title ownership including foothill and creek habitat and historic trails used by the public.

Private or public land acquired and transferred to other entities includes:

Hot Springs Canyon - 422 acres of foothill and creek habitat including historic trails used by the public, originally acquired in 2012, were transferred to the U.S. Forest Service in the year ended June 30, 2013.

More Mesa – 36 acres of open space property with oak woodland and riparian habitat was acquired and

transferred to the County of Santa Barbara in 1992.

Point Sal – 130 acres of coastal hillsides, bluffs and beaches with 11 different habitats near Santa Maria was purchased and transferred to the County of Santa Barbara in 2002.

Rancho Las Cruces – Mountainous wildlife habitat on 900 acres in Gaviota Pass, scenic views from U.S. Highway 101, originally acquired in 1984. During the year ended June 30, 2017, the easement was transferred to California Rangeland Trust. These transactions were done by the Santa Ynez Valley Land Trust, a predecessor of the Land Trust for Santa Barbara County.

Sedgwick Reserve – 2 parcels totaling 5,896 acres in the San Rafael Mountains now owned by the University of California and maintained by UCSB Natural Reserve System as a research conservation and education facility that was purchased and transferred in 2002.

Private or public land protected by conservation easements includes:

Buellton:

Marcelino Springs Ranch – 70 acres of agricultural open space.

Rancho La Purisima – 1,007 acres of rangeland and oak woodland habitat.

Restoration Oaks Ranch – 955 acres of scenic rangeland, oak woodland, coastal scrub, and chaparral habitats, as well as a small U-pick berry farm.

Carpinteria:

Carpinteria Bluffs Nature Preserve – 52 acres of scenic, recreational open space with public trails visible from Highway 101 and overlooking the ocean, originally purchased in fee by the Land Trust and transferred to the City of Carpinteria in 2000. The Land Trust retains a conservation easement over the Preserve and as such counts these acres in easement total rather than with other transfers.

Carpinteria Salt Marsh Easements (Sandyland Protective Association) – Two easements totaling 46 acres of coastal wetlands visible from Highway 101.

Gabbert Property (Hay Hill Preserve) – 88 acres of open space for wildlife and plant habitat.

Horton Family Ranch (Persoon) – 104 acres of farmland, creek and chaparral habitat along the Franklin Trail.

Rancho Aldea Antigua (Whitecliff) – 23-acre avocado farm in the Carpinteria foothills containing three areas of native vegetation.

Rancho Monte Alegre – 3,060 acres, including 2,770 of scenic watershed and wildlife habitat and 290 acres of historic agricultural land in the Carpinteria foothills with ongoing development of permitted home sites.

Rincon Bluffs Preserve – 22 acres of scenic, recreational open space with public trails visible from Highway 101 and overlooking the ocean. Like the Carpinteria Bluffs Nature Preserve, this property was originally acquired by the Land Trust in fee and then transferred to the City of Carpinteria with the Land Trust retaining a conservation easement protecting the land in perpetuity. Due to the easement, the acreage of the property is currently counted as an easement rather than as a transfer.

Gaviota Coast:

Dangermond Preserve – 24,341 acres of scenic rangeland, coast live oak woodland, tan oak woodland, coastal sage scrub, riparian, and coastal bluff habitat, including the ecologically and culturally significant Point Conception. Owned and managed by The Nature Conservancy, including several large restoration projects, and providing a natural laboratory for scientific research.

El Capitan Canyon – 447 acres of scenic, agricultural open space and riparian habitat adjacent to El Capitan State Park and Bill Wallace public trail. The property also contains a public campground.

El Capitan Horse Ranch – 200 acre scenic equestrian ranch along U.S. Highway 101.

Freeman Ranch – 660 acre cattle ranch including rare vernal pond, rangeland, oak woodland, and creek habitat; protects views from Refugio State Beach.

Hvolboll Family Trust Property – 6 acre ranch parcel adjacent to Freeman Ranch which protects views from state beach.

Kendra Chan Memorial Easement (Tajiguas Mitigation Easement) – 110 acres of chaparral and riparian habitat, including habitat for California red-legged frogs, that provides mitigation for the adjacent County-owned landfill. The easement covers a portion of a larger County-owned ranch (Baron Ranch) that provides public access to a popular hiking trail.

La Paloma Ranch – 745 acre historic family ranch including farmland, rangeland, creek habitat, and scenic views to Los Padres National Forest.

Rancho Dos Vistas – 1,406 acres of mountain forest, oak woodland, and chaparral, adjacent to Los Padres National Forest and historic Reagan Ranch, including the provision for a public hiking trail easement in the future (the property is not currently open to the public).

Goleta:

Fairview Gardens – 12 acres of scenic, organic vegetable farm with educational programming that is temporarily on hold.

UCSB South Parcel Nature Park (North Campus Open Space) – 69 acres of restored coastal wetland and upland habitat with public trails.

Lompoc:

Anderson Purisima – 16 acres of wildlife habitat, including habitat for the endangered California Tiger Salamander.

Big Bend Ranch – 109 acres of agricultural land, oak woodland, and riparian habitat.

Bodger Oak Woodland – 8 acres of oak woodland visible from Santa Rosa Road, adjacent to the Santa Ynez River, and serving as a buffer to the adjacent county park.

Rancho La Rinconda – 127 acres of scenic oak woodland adjacent to vineyards along Santa Rosa Road.

Brasseur Santa Rosa – 46 acres of agricultural land and riparian habitat along Santa Ynez River.

Briggs Memorial Preserve – 40 acres of agricultural land and riparian habitat along Santa Ynez

River.

Burton Ranch Chaparral Preserve – 95 acres of rare chaparral habitat, with many endemic species and providing publicly accessible trails. Adjacent to existing State of California preserve to form a contiguous, large block of habitat.

Campbell Home Ranch Phase I - 130 acres of grassland and oak woodland, including a portion of a natural vernal pool, which provides habitat for the endangered California Tiger Salamander. In 2022, an additional 12 acres of vernal pool habitat were added to the Phase I conservation easement, bringing the total to 130 acres of conserved land.

Campbell Home Ranch Phase II – 328 acres of grassland, oak woodland, and coastal scrub that provides upland habitat for the endangered California Tiger Salamander (CTS), as well as continuing to allow cattle grazing as a compatible use with CTS habitat protection.

Hibbits Ranch – 394 acres of scenic and highly productive farmland near the eastern boundary of the City of Lompoc, visible from La Purisima Mission State Historic Park.

Jalama Canyon Ranch – 999 acres of grassland, coastal scrub, riparian, coast live oak woodland, and tan oak woodland habitats, as well as agricultural land managed under regenerative practices.

Jordan Farm – 780 acres near Lompoc and adjacent to the Santa Ynez River composed of farmland, flood plain, and river bottom.

La Purisima Conservation Bank – 837 acres in the Purisima Hills near Lompoc composed of grassland, oak woodland, coastal scrub, and numerous stock ponds which provides breeding and upland habitat for the endangered California Tiger Salamander.

Mackie Mountain/Burton Mesa Chaparral – 17 acres of chaparral, community open space and trails within community of Vandenberg Village.

Rancho Cebada Ranch – 556 acres of agricultural rangeland in the Purisima Hills near Lompoc and also designated as critical habitat for California Tiger Salamander.

Tranquillon Conservation Project – Parcels 1-8 – 2,730 acres of grassland, scrub, coast live oak woodland, and riparian habitat, including protected habitat for the endangered Gaviota tar plant and other sensitive plan species

Yellow Foxtrot – 320 acres of grassland, coast live oak woodland, and coastal scrub providing upland habitat for California Tiger Salamander.

Los Alamos Area:

Kick On Vineyard – 533 acres near Los Alamos composed of farmland, rangeland, and endangered California Tiger Salamander habitat.

Las Cumbres Ranch – 954 acres of grassland, scrub, maritime chaparral, and oak woodland in the Purisima hills near Los Alamos.

Long Canyon – 592 acres near Los Alamos composed of farmland, rangeland, and oak woodland.

North 4 Deer Ranch (Las Flores Hunt Property) – 653 acres of scenic rangeland, oak woodland, and coastal scrub habitat adjacent to U.S. Highway 101 north of Los Alamos.

Montecito:

Ennisbrook San Ysidro Preserve – 44 acres of oak woodland, riparian corridor, and monarch butterfly habitat, plus a public trail.

Mar y Cel Property – 150 acres of oak woodland, chaparral, and a public trail easement on West Fork Cold Springs Trail.

Santa Barbara:

Modoc Preserve – 25 acres of open space for wildlife habitat, nature trails, and scientific purposes.

Rowny Preserve – 134 acres of oak and chaparral habitat visible from Tunnel Trail and Mission Canyon.

San Roque Ranch – 880 acres of riparian, oak woodland, and chaparral habitat visible from the public Arroyo Burro Trail.

Santa Maria Area:

Betteravia Ranches – 473 acres of open space and rangeland for cattle grazing and wildlife and plant habitat, including upland habitat and breeding ponds for the endangered California Tiger Salamander.

Santa Ynez Valley:

Great Oak Ranch – 1,128 acres of rangeland, oak woodland, and vineyards adjacent to Lake Cachuma.

Midland School – 2,727 acres of oak woodland, rangeland, and creek habitat with managed public access near Figueroa Mountain.

Rancho Felicia – 214-acre scenic horse ranch along Happy Canyon Road.

Williams Ranch – 100-acre scenic ranch, formerly part of Rancho Felicia and adjacent to Great Oak Ranch.

8. Property Held for Conservation Purposes and Conservation Land Easements

Property held for conservation purposes is summarized by major classifications as follows at June 30:

	2025	2024
Gaviota Overlook	$ -	$ 2,765,073
Steelhead Lookout	107,277	-
Rincon Gateway	3,911,082	-
Stewardship conservation land easements (see Notes 1 and 7)	59	58
	$ 4,018,418	$ 2,765,131

During fiscal year 2025, the Land Trust recorded an impairment loss related to Gaviota Overlook. The impairment resulted from the execution of a perpetual conservation restriction on the property, which limits the land's use and eliminates its marketability. The perpetual conservation restriction grants the public access to the property and limits the transferability of the property.

As a result of the restriction, the land no longer has any economic value, and its fair value was determined to be $0. Accordingly, the carrying amount of $2,765,073 was written off and an impairment loss of $2,765,073 was recognized in the Statement of Activities for the fiscal year ended June 30, 2025.

Management has concluded that the restriction represents a permanent reduction in the land's service potential and economic benefit.

9. Property and Equipment

Property and equipment are summarized by major classifications as follows at June 30:

	2025	2024
Farm vehicles	$ 99,139	$ 100,114
Building improvements	201,470	201,470
Automobiles	65,624	36,548
Computers and furniture	33,101	33,101
Website	34,405	34,405
Less accumulated depreciation	(204,090)	(165,247)
	229,649	240,391
Construction-in-progress	29,970	29,970
	$ 259,619	$ 270,361

Depreciation expense for the years ended June 30, 2025 and 2024 was approximately $43,994 and $41,182, respectively.

10. Operating Leases

On July 22, 2015, the Land Trust entered into a non-cancelable operating lease agreement with an expiration date of August 30, 2020. The lease was amended on September 1, 2020 with a new expiration date of August 31, 2022. Upon expiration, the lease converted to a month to month basis with rent payments of approximately $2,100 per month.

On December 1, 2023, the Land Trust entered a non-cancelable operating lease agreement with an expiration date of June 30, 2024. Upon expiration, the lease converted to a month to month basis with rent payments of approximately $1,000 per month.

On November 15, 2022, the Land Trust entered a operating month to month sublease agreement basis with rent payments of approximately $630 per month.

On November 1, 2022, the Land Trust entered into a non-cancellable operating sublease agreement with an expiration date of October 31, 2023. Upon expiration, the lease converted to a month to month basis with rent payments of approximately $1,600 per month.

11. Conditional Grant

La Purisima

As part of the La Purisima Conservation Bank Endowment Fund, the Land Trust is the conditional grant recipient of donor restricted funds which will become unconditional upon approval and release of final mitigation credits from the United States Fish and Wildlife Service. The funds will be spent for the

maintenance and stewardship of the associated property.

In June 2018, the grant agreement was amended to adjust the payment terms of the remaining funds due to the Land Trust. The amendment did not change the amounts due to the Land Trust, however, due to the contingent nature of the grant payments income will be recorded when payments are received. As of June 30, 2025, the unrecognized conditional grant, as outlined in the grant agreement, totaled approximately $161,300.

12. Concentrations and Risk

Market Risk

The Land Trust holds its investments in a diversified portfolio, pursuant to a Trustee adopted investment policy. Nevertheless, these investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

13. Commitments

The Land Trust has agreed to undertake annual monitoring and enforcement activities to ensure compliance with the terms and conditions of 59 conservation easements. The Land Trust is the owner of five properties restricted to open space uses.

14. Related Party Transactions

In April 2021, the executive director purchased a 40% equity interest in the non-conservation real estate owned by the Land Trust. The Land Trust had imputed rental income at fair market value for the 60% owned by the Land Trust from the executive director in the amount of approximately $27,120 for the year ended June 30, 2025.

15. Endowment Funds

The Land Trust's endowment consists of six donor restricted funds established for a variety of purposes as well as funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Land Trust has interpreted the California adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Land Trust classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the donor gift instrument.

In accordance with California UPMIFA the Land Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund

(2) The purposes of the Land Trust and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Land Trust

(7) The investment policies of the Land Trust

Changes in endowment net asset for the year ended June 30, 2025:

		With Donor Restrictions			
	Without Donor Restrictions	Accumulated Earnings	Original Gift	Total	2024
Beginning Endowment net assets	$ 7,319,182	$ 255,960	$ 1,451,871	$ 9,027,013	$ 8,089,191
Net investment return	1,163,346	113,138	-	1,276,484	773,985
Additions/transfers	-	-	1	1	465,660
Appropriation of endowment for expenditure	(115,927)	(32,724)	-	(148,651)	(301,823)
Ending Endowment net assets	$ 8,366,601	$ 336,374	$ 1,451,872	$ 10,154,847	$ 9,027,013

Changes in endowment net asset for the year ended June 30, 2024:

		With Donor Restrictions			
	Without Donor Restrictions	Accumulated Earnings	Original Gift	Total	2023
Beginning Endowment net assets	$ 6,432,000	$ 205,322	$ 1,451,869	$ 8,089,191	$ 7,276,608
Net investment return	665,275	108,710	-	773,985	496,882
Additions/transfers	465,658	-	2	465,660	534,124
Appropriation of endowment for expenditure	(243,751)	(58,072)	-	(301,823)	(218,423)
Ending Endowment net assets	$ 7,319,182	$ 255,960	$ 1,451,871	$ 9,027,013	$ 8,089,191

Return Objectives and Risk Parameters

The Land Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Land 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 Trustees, the endowment assets are invested in a manner that is intended to produce results that provide a reasonable balance between the quest for growth and the need to protect principal.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Land Trust to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2025 or 2024.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Land 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 Land Trust targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Land Trust has a policy of appropriating for distribution each year an amount not to exceed five percent of the endowment fund balance. In some instances, the Board may decide to appropriate an amount greater or less than its stated policy if it is specifically deemed prudent to do so. In establishing this policy, the Land Trust considered the long-term expected return on its endowment. Accordingly, over the long term, the Land Trust expects the current spending policy to allow its endowment to grow.

This is consistent with the Land 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.

Three of the Land Trust's endowments, Carpinteria Bluffs Nature Preserve, the Modoc Preserve and the Rincon Bluffs, have donor-specified investment and spending policies which are overseen by committees associated with the original donations.

16. Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following as of June 30:

	2025	2024
Operating Fund	$ 7,551,971	$ 6,550,186
Hartnell Ranch, LLC	59,635	-
Board designated:		
Operating endowment	2,938,213	2,692,733
Arroyo Hondo endowment	1,234,967	1,158,634
Easement stewardship endowment	2,234,618	1,793,247
Rincon Bluffs endowment	1,295,203	1,106,754
La Purisima endowment	209,666	156,318
Modoc endowment	81,241	76,548
Carpinteria Salt Marsh endowment	58,342	47,600
Carpinteria Bluffs nature preserve endowment	314,351	287,348
Total net assets without restrictions	$ 15,978,207	$ 13,869,368

17. Net Assets with Donor Restrictions

Donor restricted net assets were restricted for expenditure on specified projects. These included pledges and grants and unallocated earnings on endowments and were as follows on June 30:

	2025	2024
Easement stewardship endowment	$ 2,648,931	$ 3,040,162
New Project Development	4,373,898	-
Arroyo Hondo endowment	(31,000)	223,690
Blueprint	30,578	109,559
Carpinteria Bluffs nature preserve	135,410	124,102
Rincon Bluffs preserve	1,877,294	1,581,353
Carpinteria Salt Marsh	190,152	219,315
Coronado butterfly preserve	32,277	28,659
Gaviota coast fund	1,556,809	1,591,885
La Purisima conservation bank	784,568	784,568
Modoc preserve	5,231	954
Operating endowment	53,948	40,265
Other lands/land action fund	66,312	66,313
Total funds restricted to expenditure for specified projects	$ 11,724,408	$ 7,810,825

Restricted in perpetuity, original gift amount:

	2025	2024
Arroyo Hondo endowment	$ 450,410	$ 450,410
Carpinteria Bluffs nature preserve endowment	504,100	504,100
Carpinteria Salt Marsh endowment	218,715	218,715
Modoc preserve endowment	77,977	77,977
Operating endowment	200,611	200,611
Stewardship conservation land interests	59	58
Total funds restricted in perpetuity	$ 1,451,872	$ 1,451,871
Total net assets with donor restrictions	$ 13,176,280	$ 9,262,696

18. Investment in Wholly Owned Limited Liability Company

The Land Trust holds a 100% ownership interest in a single member limited liability company. The LLC's assets, liabilities, revenues, and expenses are included in the accompanying financial statements. Separate schedules are not presented as management has determined that the LLC is not material to the Land Trust's financial position or result of operations when considered individually.

As of June 30, 2025, the LLC's total assets and total liabilities included in the financial statements were approximately $59,589.

19. Subsequent Events

The Land Trust had been bequeathed a 50% fee title interest in a ranch property in northern Santa Barbara County with an appraised value of approximately $8.6 million, excluding associated mineral rights, and accepted the bequest in early fiscal year 2026. Simultaneously, an additional 25% fee title interest was acquired that had an appraised value of $4.3 million. To fund the additional 25% interest, funds committed from private foundations were used as well as transferring the mineral rights to the seller as additional consideration. During the fiscal year ended June 30, 2024, the Land Trust established a single member limited liability company for the purpose of acquiring and holding a fee title interest in the property, in furtherance of its tax-exempt mission.

In July of 2025, the Land Trust acquired mitigation easements on two parcels along the Gaviota Coast that will preserve coast scrub, grassland and riparian habitat and coastal viewshed.

In November of 2025, the Land Trust acquired a conservation easement on a 587-acre property near Orcutt, California that holds vital agricultural resources, habitat for sensitive species and open space. The easement was acquired with grant funding from the State of California's Sustainable Agriculture Land Conservation (SALC) program in partnership with the landowner.

In December of 2025, the Land Trust's Board of Trustees approved the conveyance of land acquired in January 2025 referred to as Rincon Gateway to the City of Carpinteria. The parcel of land is adjacent to the Rincon Bluffs preserve which will be expanded to incorporate the additional acreage. A conservation easement will be held by the Land Trust on the conveyed property.

Following the close of the fiscal year ending June 30, 2025, the Land Trust entered into a new lease agreement for an administrative office facility in Santa Barbara, California. Occupancy is expected to commence in the spring of 2026.

Events occurring after June 30, 2025 have been evaluated by management for possible recognition or disclosure to the financial statements as of February 12, 2026, which is the date the financial statements were available to be issued.