

**FORTERRA NW**

Consolidated Financial Statements

For the Year Ended December 31, 2022

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## Independent Auditor's Report

**To the Board of Directors  
Forterra NW  
Seattle, Washington**

### Opinion

We have audited the financial statements of Forterra NW, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Forterra NW as of December 31, 2022, 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 Forterra NW 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.

### Report on Summarized Comparative Information

We have previously audited Forterra NW's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### 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.



T: 425-454-4919  
T: 800-504-8747  
F: 425-454-4620

10900 NE 4th St  
Suite 1400  
Bellevue WA  
98004

[clarknuber.com](http://clarknuber.com)

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 Forterra NW's ability to continue as a going concern for one year after the date that the financial statements are available to be 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 Forterra NW'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 Forterra NW's ability to continue as a going concern for a reasonable period of time.

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

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 24 through 25 are presented for purposes 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements as a whole.

*Clark Nuber P.S.*

Certified Public Accountants  
May 17, 2023

**FORTERRA NW****Consolidated Statement of Financial Position  
December 31, 2022  
(With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 4,538,897	\$ 8,304,938
Accounts and pledges receivable	1,384,075	3,472,740
Prepaid expenses	243,420	227,542
Land and rights held for sale, current	1,421,646	1,493,278
<b>Total Current Assets</b>	<b>7,588,038</b>	<b>13,498,498</b>
Accounts and pledges receivable, net of current portion	165,499	107,947
Note receivable	2,200,000	2,200,000
Land and rights held for sale, net of current portion	1,743,000	1,743,000
Investments in Forterra Strong Communities Funds	1,362,510	1,568,296
Property and equipment, net	4,768,550	4,499,325
Long-term land holdings	23,934,264	22,579,658
Investments in marketable securities	4,038,849	4,526,137
<b>Total Assets</b>	<b>\$ 45,800,710</b>	<b>\$ 50,722,861</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 708,463	\$ 1,193,263
Accrued expenses	595,447	1,167,535
Unearned revenue	42,807	37,500
<b>Total Current Liabilities</b>	<b>1,346,717</b>	<b>2,398,298</b>
Other deferred liability		100,000
Notes payable	2,300,000	2,300,000
<b>Total Liabilities</b>	<b>3,646,717</b>	<b>4,798,298</b>
<b>Net Assets:</b>		
Net assets without donor restrictions-		
Undesignated	9,908,595	13,465,198
Board designated	2,068,713	2,359,311
Invested in land and easements	23,934,264	22,579,658
Total net assets without donor restrictions	35,911,572	38,404,167
Net assets with donor restrictions	6,242,421	7,520,396
<b>Total Net Assets</b>	<b>42,153,993</b>	<b>45,924,563</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 45,800,710</b>	<b>\$ 50,722,861</b>

See accompanying notes.

**FORTERRA NW**

**Consolidated Statement of Activities  
For the Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

	2022		Total	2021 Total
	Without Donor Restrictions	With Donor Restrictions		
<b>Support and Revenue:</b>				
Grants and contributions	\$ 7,769,239	\$ 1,905,953	\$ 9,675,192	\$ 12,337,680
In-kind contributions	625,813		625,813	652,620
Fees for service	1,194,444		1,194,444	2,381,964
Investment return	(450,029)	(164,539)	(614,568)	685,899
Other revenues, gains, and losses	(134,871)		(134,871)	113,000
Net assets released from restrictions	3,019,389	(3,019,389)		
<b>Total Revenues and Other Income</b>	<b>12,023,985</b>	<b>(1,277,975)</b>	<b>10,746,010</b>	<b>16,171,163</b>
<b>Expenses:</b>				
Program services	10,432,254		10,432,254	11,551,098
Management and general	1,816,321		1,816,321	1,344,077
Fundraising	1,713,229		1,713,229	1,893,416
<b>Total Expenses</b>	<b>13,961,804</b>		<b>13,961,804</b>	<b>14,788,591</b>
<b>Change in Net Assets Before Property Donations</b>	<b>(1,937,819)</b>	<b>(1,277,975)</b>	<b>(3,215,794)</b>	<b>1,382,572</b>
Land donated to others	(554,776)		(554,776)	(5,478,289)
<b>Change in Net Assets</b>	<b>(2,492,595)</b>	<b>(1,277,975)</b>	<b>(3,770,570)</b>	<b>(4,095,717)</b>
Net assets beginning of year	38,404,167	7,520,396	45,924,563	50,020,280
<b>Net Assets End of the Year</b>	<b>\$ 35,911,572</b>	<b>\$ 6,242,421</b>	<b>\$ 42,153,993</b>	<b>\$ 45,924,563</b>

See accompanying notes.

**FORTERRA NW**

**Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

	2022				2021 Total
	Program Services	Management and General	Fundraising	Total	
Salaries and wages	\$ 3,885,570	\$ 977,194	\$ 807,622	\$ 5,670,386	\$ 7,002,470
Payroll taxes and benefits	698,190	180,201	148,164	1,026,555	1,091,972
<b>Total Salaries and Related Expenses</b>	<b>4,583,760</b>	<b>1,157,395</b>	<b>955,786</b>	<b>6,696,941</b>	<b>8,094,442</b>
Professional fees and consulting	2,290,731	444,527	623,975	3,359,233	2,246,502
Grants and donations to others	2,550,084			2,550,084	8,231,020
Miscellaneous	313,327	28,740	27,968	370,035	194,240
Acquisition expenses	297,652			297,652	68,096
Equipment rental and maintenance	165,601	76,515	39,102	281,218	211,548
Property management	273,094			273,094	281,377
Depreciation	174,529	27,973	27,221	229,723	87,210
Insurance	138,522	22,996	22,377	183,895	188,309
Occupancy	18,758	55,448	18,483	92,689	50,053
Travel	78,944	8,755	4,597	92,296	90,400
Interest expense	78,650			78,650	279,207
Taxes	52,280	425		52,705	109,290
Advertising and promotion	17,706	3,954	3,847	25,507	102,658
Bad debt expense (recovery)	(46,608)	(10,407)	(10,127)	(67,142)	32,528
<b>Total Expenses</b>	<b>10,987,030</b>	<b>1,816,321</b>	<b>1,713,229</b>	<b>14,516,580</b>	<b>20,266,880</b>
Less-					
Land donated to others	(554,776)			(554,776)	(5,478,289)
<b>Total Expenses as Presented on the Consolidated Statement of Activities</b>	<b>\$ 10,432,254</b>	<b>\$ 1,816,321</b>	<b>\$ 1,713,229</b>	<b>\$ 13,961,804</b>	<b>\$ 14,788,591</b>

See accompanying notes.



**FORTERRA NW**

**Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (3,770,570)	\$ (4,095,717)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activity-		
Contributions to endowment classified as financing activities		(5,502)
Depreciation	229,723	87,210
Land donated to others	554,776	5,478,289
Loss on disposal of land, property and equipment	37,689	
Loss (gain) on investments	582,340	(328,515)
Pass-through loss (earnings) from investments in Forterra Strong Communities Funds	205,786	(41,256)
Change in assets and liabilities:		
Accounts and pledges receivable	2,031,113	310,802
Prepaid expenses	(15,878)	(145,740)
Accounts payable and accrued expenses	(1,056,888)	943,908
Unearned revenue	5,307	(327,500)
Other deferred liability	(100,000)	
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(1,296,602)</b>	<b>1,875,979</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of land and rights held for sale	(1,837,750)	(1,184,578)
Proceeds from the sale of land and rights held for sale		6,724,865
Purchases of land, property and equipment	(536,637)	(1,642,574)
Repayments on notes receivable		131,840
Purchase of investments in marketable securities	(881,855)	(2,003,524)
Sales of investments in marketable securities	786,803	1,780,845
<b>Net Cash (Used in) Provided by Investing Activities</b>	<b>(2,469,439)</b>	<b>3,806,874</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from contributions to endowment		5,502
Repayments of notes payable		(6,279,664)
Proceeds from notes payable		350,000
<b>Net Cash Used in Financing Activities</b>		<b>(5,924,162)</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(3,766,041)</b>	<b>(241,309)</b>
Cash and cash equivalents, beginning of period	8,304,938	8,546,247
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 4,538,897</b>	<b>\$ 8,304,938</b>
<b>Supplementary Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 78,650	\$ 319,166
Land donated to others	\$ 554,776	\$ 5,478,289

See accompanying notes.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 1 - Organization

Since 1989, Forterra NW has stewarded the wild, working, and urban lands of Washington. We conserve land to sustain our state's biodiversity and natural beauty, and we invest in rural livelihoods and sustainable communities so people have places to live, work, and recreate. This work means supporting appropriate development - the kind that creates livable cities and towns with affordable housing, economic opportunity, public transit, and parks - and preserving habitat we love and need, like farmlands, wetlands, and forests. Our mission demands wide-ranging expertise: We are conservationists, real estate developers, restoration ecologists, urban planners, lawyers, educators, conveners and fundraisers.

The climate crisis is advancing and our population is growing. The enormity of these challenges calls not only for more than measured improvements, but a bold, imaginative vision of the future. We develop innovative policies, initiate creative partnerships, and embrace new technologies for conserving land, managing growth, making housing affordable, and creating rural livelihoods. In the world of conservation and real estate, opportunities often come and go quickly, and so we act with equal speed, mobilizing people and resources to acquire important lands before they're gone. In our thirty-some years of doing this work, we have conserved 275,000 acres (unaudited) and performed thousands of hours of stewardship with our volunteer and community partners.

Forterra builds equitable and long-term relationships with the communities in which we work, melding our capacity and expertise with community-led process and wisdom. We partner with government agencies, Tribes, businesses, and nonprofits, whose skill and access increase our effectiveness and whose perspectives both challenge and affirm us. At Forterra, we tackle complex issues. We pull in all sides, and in so doing, arrive in a place of creative discord. Here is where we thrive. Here is where we find common ground and uncommon solutions.

Forterra NW, a Washington State nonprofit corporation, has several wholly-owned subsidiaries that facilitate conservation development projects. These subsidiaries include Forterra Strong Communities Fund Manager, LLC (the Fund Manager), Forterra Roslyn LLC, Forterra Roslyn NWIC LLC, Forterra Builders LLC, and Forterra Hamilton LLC.

#### Note 2 - Significant Accounting Policies

**Principles of Consolidation** - The accompanying financial statements include the accounts of Forterra NW and its wholly-owned subsidiaries. Intra-entity transactions and balances have been eliminated in consolidation. The consolidated entity is referred to as Forterra in the notes to the consolidated financial statements.

**Basis of Presentation** - Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Forterra and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restriction also include board-designated net assets.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 2 - Continued

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

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

**Cash and Cash Equivalents** - Cash in excess of daily requirements is generally invested in interest-bearing instruments. Interest-bearing deposits with initial maturities of three months or less are considered cash equivalents. However, cash and equivalents associated with Forterra's investment portfolio are considered investments since the intent is to reinvest them in longer-term instruments when appropriate.

**Investments in Marketable Securities** - Investments in marketable securities, including endowment investments, are reported at fair value in the consolidated statement of financial position. Net investment return is reported in the consolidated statements of activities.

**Investments in Forterra Strong Communities Funds** - Forterra's investments in Forterra Strong Communities Funds I, L.P. (SCF I) and Forterra Strong Communities Fund II, L.P. (SCF II) are accounted for using the equity method of accounting (Note 5). In determining the accounting treatment for these investments, management considers various factors such as the amount of ownership interest, voting rights, and ability to influence decisions. Equity method investments are initially recorded at cost and are subsequently adjusted for Forterra's share of the investment's earnings or losses, and for cash contributions and distributions. Forterra evaluates the realization of equity investments if circumstances indicate that Forterra's investment is other than temporarily impaired.

**Easements** - Easements are capitalized at a nominal value of \$1 and classified within long-term land holdings. The costs of acquiring easements are expensed as incurred.

**Property and Equipment** - Property and equipment are stated at cost, if purchased, or at fair value at the time of donation, if donated. Forterra capitalizes purchases of property and equipment that exceed \$5,000. Property and equipment are depreciated using straight-line methods over the following estimated useful lives:

Buildings	10 - 30 Years
Leasehold improvements	15 Years
Public access improvements	10 Years
Furniture	7 - 10 Years
Equipment	2 - 5 Years
Software	3 Years

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 2 - Continued

**Revenue Recognition and Receivables** - Forterra recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a barrier to entitlement, and a right of return or release, are not recognized until the conditions on which they depend have been met. Prepaid grant funding received before conditions are met is reported as unearned revenue liability on the consolidated statement of financial position.

Forterra's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. There were \$16,325,553 and \$17,037,105 of unrecognized conditional governmental contracts and grants as of December 31, 2022 and 2021, respectively. These amounts will be recognized in future years if and when the related conditions are met.

Forterra earns developer fees from services provided to SCF I and SCF II during the construction of the related properties. Developer fees and other related fees are recognized and paid ratably during the construction period. Collection of developer fees was paused mid-2022.

**Concentration of Revenue** - Forterra receives a significant amount of its grants and contributions revenues from local, state and federal governmental agencies in the form of grants, contracts, and other program service fees. Amounts received are subject to audit and adjustments by the grantor agencies. Any disallowed cost, including amounts already collected, may constitute a liability for Forterra. The amounts, if any, of expenditures that may be disallowed by the grantor are recorded as such at the time that such amounts can be reasonably determined, normally upon notification by the governmental agency.

Additionally, for the year ended December 31 2021, 21% of Forterra's grants and contributions revenue came from one private grantor. There were no concentrations of grants and contributions revenue from private grantors during the year ended December 31, 2022.

**Accounts and Pledges Receivable** - Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable. At December 31, 2022, there were no outstanding grants receivable. At December 31, 2021, two grantors accounted for 33% of total accounts and pledges receivable.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 2 - Continued

Accounts and pledges receivable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Pledges receivable	\$ 515,350	\$ 342,850
Grants receivable	303,184	1,213,028
Other receivables	<u>749,721</u>	<u>2,132,184</u>
Total accounts and pledges receivable	1,568,255	3,688,062
Less allowance for doubtful accounts	(3,372)	(104,514)
Less present value discount on noncurrent pledges	(15,309)	(2,861)
Less noncurrent other receivables	(30,808)	(30,808)
Less noncurrent pledges receivable	<u>(134,691)</u>	<u>(77,139)</u>
<b>Total Accounts and Pledges Receivables, Current</b>	<b><u>\$ 1,384,075</u></b>	<b><u>\$ 3,472,740</u></b>

**In-Kind Contributions** - Donations of property, equipment and supplies are recorded as contributions at their estimated fair value at the date of receipt. In accordance with U.S. GAAP, the financial statements reflect only those contributed services requiring specific expertise or which are for constructing a fixed asset, which Forterra would otherwise need to purchase. Contributed services are recorded at rates that would have been paid for similar services in an arms-length transaction. For the years ended December 31, 2022 and 2021, contributed services consisted primarily of legal and consulting fees.

In-kind contributions for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Supplies	\$ 713	\$ 4,584
Legal, marketing and other services	<u>625,100</u>	<u>648,036</u>
<b>Total In-Kind Contributions</b>	<b><u>\$ 625,813</u></b>	<b><u>\$ 652,620</u></b>

**Functional Allocation of Expenses** - The cost of providing the various programs and other activities has been summarized on a functional basis in the consolidated statements of activities without donor restrictions and of functional expenses. Where possible, specific expenses have been charged directly to the appropriate category. When functions are shared or costs are intermingled, expenses are allocated based on employee hours worked or estimated percentage of effort.

**Federal Income Tax** - Forterra NW has been notified by the Internal Revenue Services (IRS) that it is exempt from federal income tax under Internal Revenue Code Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation, except to the extent of unrelated business taxable income, if any. The wholly-owned subsidiaries of Forterra NW, with the exception of FEI, are disregarded entities for tax purposes. FEI is subject to federal tax as a corporation.

**Subsequent Events** - Forterra has evaluated subsequent events through May 17, 2023, the date on which the financial statements were available to be issued.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 3 - Note Receivable

Note receivable at December 31, 2022 and 2021 totaled \$2,200,000 and consisted of a single note outstanding due from an unrelated third party. The note incurred interest at 4.0%, through December 31, 2021 and at 3.5% beginning January 1, 2022 through maturity. Payment of both principal and interest is due at maturity on December 31, 2026.

#### Note 4 - Investments in Marketable Securities

Investments consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 112,156	\$ 112,037
Mutual funds	2,867,937	3,250,538
Bonds	<u>1,058,756</u>	<u>1,163,562</u>
	<u><b>\$ 4,038,849</b></u>	<u><b>\$ 4,526,137</b></u>

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U. S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Cash and Cash Equivalents - Valued at cost, which approximates fair value.

Mutual Funds - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by Forterra at year end.

Bonds - Valued at the closing price reported for similar instruments on the active market on which the securities are traded.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

#### Note 4 - Continued

Fair values of investments measured on a recurring basis at December 31, 2022 and 2021, were as follows:

	Fair Value Measurements as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 112,156	\$ -	\$ -	\$ 112,156
Mutual funds	2,867,937			2,867,937
Bonds		1,058,756		1,058,756
	<u>\$ 2,980,093</u>	<u>\$ 1,058,756</u>	<u>\$ -</u>	<u>\$ 4,038,849</u>

	Fair Value Measurements as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 112,037	\$ -	\$ -	\$ 112,037
Mutual funds	3,250,538			3,250,538
Bonds		1,163,562		1,163,562
	<u>\$ 3,362,575</u>	<u>\$ 1,163,562</u>	<u>\$ -</u>	<u>\$ 4,526,137</u>

#### Note 5 - Investments in Forterra Strong Communities Funds

Investments accounted for using the equity method consisted of the following at December 31:

	2022	2021
Forterra Strong Communities Fund I L.P.	\$ 1,320,851	\$ 1,521,438
Forterra Strong Communities Fund II L.P.	41,659	46,858
	<u>\$ 1,362,510</u>	<u>\$ 1,568,296</u>

**SCF I** - Forterra Strong Communities Fund I, L.P. is a limited partnership, with the Fund Manager as the general partner and Forterra NW as one of the limited partners. SCF I was launched in December 2017 to advance sustainable development in urban areas that are becoming central to conserving the Pacific Northwest. SCF I pools, invests and leverages social investment capital to acquire land for the social, environmental, public health, and economic needs of communities in the region.

**SCF II** - Forterra Strong Communities Fund II, L.P., is a limited partnership with the Fund Manager as the general partner. SCF II was initially capitalized in December 2018. SCF II prioritizes investments in opportunity zones to improve the health and resiliency of at-risk communities. Opportunity zones are low-income census tracts specially designated by states that allow investors with equity invested within these boundaries to defer, reduce, or eliminate their capital gains tax.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 5 - Continued

**Development Services** - Forterra provides pre-development and other property-related services to SCF I and SCF II. Fees earned and recognized as revenue by Forterra totaled \$95,074 and \$1,533,108 during the years ended December 31, 2022 and 2021, respectively. These fees were capitalized as development in progress by SCF I and SCF II.

**Disposition Fees** - In accordance with the SCF I limited partnership agreement, Forterra will be paid a disposition fee equal to two percent of the sale proceeds from any asset sale. One-half of the fee is due at the time of the sale and the second half of the fee is deferred and is payable subject to terms and conditions in the limited partnership agreement. No such fees were recognized during the years ended December 31, 2022 and 2021. At December 31, 2022 and 2021, \$30,808 was included in long-term accounts and pledges receivable on the consolidated statements of financial position, which represent the deferred fee earned in previous years.

**Asset Management Fees** - The Fund Manager as the general partner is responsible for the administration of SCF I and SCF II. On behalf of the Fund Manager (which has no employees) Forterra personnel provide administrative services relating to management of the partnerships' assets. During the years ended December 31, 2022 and 2021, SCF I and SCF II paid asset management fees of \$471,500 and \$406,000, respectively, to Forterra.

**Related Party Payables and Receivables** - Amounts receivable from SCF I and SCF II for the fees described above that are included in receivables on the consolidated statement of financial position totaled \$89,378 and \$825,347 as of December 31, 2022 and 2021, respectively. Forterra had payables totaling \$3,462 and \$187,681 as of December 31, 2022 and 2021, respectively, for funds granted from Forterra to SCF I and SCF II.

The following is a summary of the financial position of each equity method investment as of December 31, 2022:

	<u>SCF I</u>	<u>SCF II</u>
Cash and cash equivalents	\$ 696,747	\$ 8,217,964
Note receivable, net	968,750	
Real estate investments	8,670,729	7,915,999
Other assets	24,283	158,053
<b>Total Assets</b>	<b><u>\$ 10,360,509</u></b>	<b><u>\$ 16,292,016</u></b>
Liabilities	\$ 2,172,035	\$ 137,357
Partners' equity	8,188,474	16,154,659
<b>Total Liabilities and Equity</b>	<b><u>\$ 10,360,509</u></b>	<b><u>\$ 16,292,016</u></b>



## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 5 - Continued

The following is a summary of the financial position of each equity method investment as of December 31, 2021:

	<u>SCF I</u>	<u>SCF II</u>
Cash and cash equivalents	\$ 979,081	\$ 10,577,001
Note receivable, net	930,000	
Real estate investments	9,569,748	7,829,943
Other assets	<u>101,508</u>	<u>226,254</u>
<b>Total Assets</b>	<b><u>\$ 11,580,337</u></b>	<b><u>\$ 18,633,198</u></b>
Liabilities	\$ 2,124,373	\$ 1,249,002
Partners' equity	<u>9,455,964</u>	<u>17,384,196</u>
<b>Total Liabilities and Equity</b>	<b><u>\$ 11,580,337</u></b>	<b><u>\$ 18,633,198</u></b>

The following is a summary of the results of operations of each equity method investment as of December 31, 2022:

	<u>SCF I</u>	<u>SCF II</u>
Revenues	\$ 50,647	\$ 2,231
Net income (loss)	(1,267,490)	(1,279,537)

The following is a summary of the results of operations of each equity method investment as of December 31, 2021:

	<u>SCF I</u>	<u>SCF II</u>
Revenues	\$ 43,554	\$ 17,756
Net income (loss)	(306,356)	(395,128)

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

#### Note 6 - Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,502,727	\$ 1,502,727
Buildings	3,149,114	1,190,189
Building and public access improvements	314,224	314,224
Furniture	20,080	20,080
Equipment	125,021	125,021
Software	118,657	92,411
Construction in progress	<u>207,756</u>	<u>1,695,123</u>
	5,437,579	4,939,775
Less accumulated depreciation	<u>(669,029)</u>	<u>(440,450)</u>
<b>Total Property and Equipment, Net</b>	<b><u>\$ 4,768,550</u></b>	<b><u>\$ 4,499,325</u></b>

#### Note 7 - Land and Rights

A significant activity through which Forterra achieves impact is securing key lands for conservation, working land preservation, or community development purposes. Land acquired with the intention to own and steward it indefinitely is valued at cost and classified as long-term (noncurrent) land holdings. Land purchased with the intention to temporarily take ownership of it on behalf of another entity until that entity can secure funding to purchase the land from Forterra is classified as land and rights held for sale. It is further classified as short-term (current) held for sale or long-term (noncurrent) held for sale based on the intended transfer date. Land classified as held for sale is valued at the lower of cost or net realizable value.

In support of the landscape-scale conservation and community-building, Forterra designs, advocates for and pursues real estate transactions using transfer of development rights (TDR) programs across the region. TDR is a market-based real estate tool that gives landowners the option to sell the development potential from their land to developers who can build to higher intensities in places where growth is desired. The result of TDR is permanent conservation of farm and forest lands, along with growth in urban areas, driven by the private market.

Changes in short-term (current) land and rights are shown below for the year ended December 31, 2022:

	<u>December 31, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2022</u>
Land	\$ 1,260,999	\$ 455,145	\$ (354,498)	\$ 1,361,646
Transferable development rights	<u>232,279</u>		<u>(172,279)</u>	<u>60,000</u>
<b>Land and Rights Held for Sale, Current</b>	<b><u>\$ 1,493,278</u></b>	<b><u>\$ 455,145</u></b>	<b><u>\$ (526,777)</u></b>	<b><u>\$ 1,421,646</u></b>

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 7 - Continued

Changes in long-term (noncurrent) land and rights are shown below for the year ended December 31, 2022:

	December 31, 2021	Additions	Disposals	December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Transferable development rights	1,743,000			1,743,000
<b>Land and Rights Held for Sale, Noncurrent</b>	<b><u>\$ 1,743,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,743,000</u></b>

Changes in long-term (noncurrent) land holdings are shown below:

	December 31, 2021	Acquisition Costs	Expensing of Acquisition Costs	Disposals	December 31, 2022
Land	\$ 22,579,576	\$ 1,382,605	\$ -	\$ (28,000)	\$ 23,934,181
Easements	82	860,000	(859,999)		83
<b>Long-Term Land Holdings</b>	<b><u>\$ 22,579,658</u></b>	<b><u>\$ 2,242,605</u></b>	<b><u>\$ (859,999)</u></b>	<b><u>\$ (28,000)</u></b>	<b><u>\$ 23,934,264</u></b>

#### Note 8 - Line of Credit

Forterra has a line of credit with a bank with a total borrowing capacity of \$1,500,000. The line expires on November 30, 2023. The line bears interest at a variable rate based on changes in the Prime Rate announced by the Lender (7.5% at December 31, 2022). The line requires Forterra to pay down the line to zero for 30 consecutive days during each renewal period. There were no borrowings against the line at December 31, 2022 or 2021.

#### Note 9 - Notes Payable

Forterra periodically enters into note payable arrangements to support funding of keystone land purchases. These purchases are often temporary in nature, with the intention that a specific entity will purchase the land from Forterra within a designated timeframe, usually one to three years. Upon sale of the land to the specified entity, Forterra will use the proceeds to pay down the note. The responsibility for interest and other financing charges associated with these notes can vary in terms of whether Forterra or the other entity covers these costs during the life of the note, and whether these charges are paid as incurred or added to note balances. Often, these notes are guaranteed by individuals supporting Forterra's commitments to such keystone land projects.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 9 - Continued

Notes payable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
<u>Solar Ridge/Cle Elum Ridge</u> Note payable to Commerce Bank; interest at 4.00% through December 31, 2021 and 3.50% from January 1, 2022 through maturity; interest only payments due monthly beginning on January 31, 2017 through maturity on December 31, 2026, when principal is also due.	\$ 2,200,000	\$ 2,200,000
<u>Roslyn LLC</u> Note payable to New Suncadia LLC; no interest accrues; principal due at maturity on November 16, 2025.	<u>100,000</u>	<u>100,000</u>
<b>Total Notes Payable</b>	<b><u>\$ 2,300,000</u></b>	<b><u>\$ 2,300,000</u></b>

Future maturities of these notes are as follows:

For the Year Ending December 31,

2023	\$ -
2024	
2025	100,000
2026	<u>2,200,000</u>
<b>Total Notes Payable</b>	<b><u>\$ 2,300,000</u></b>

#### Note 10 - Paycheck Protection Program

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. During the year ended December 31, 2021, Forterra obtained a loan under the PPP with a principal balance of \$810,900 and an annual interest rate of 1%.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 10 - Continued

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The terms and conditions include, but are not limited to, spending the PPP loan funds on qualifying expenses. Forterra follows the accounting guidance for government grants in U.S. GAAP for accounting for the recognition of revenue from forgiveness of the PPP loan. In applying that guidance, Forterra recognizes revenue when the barriers to entitlement to loan forgiveness are met. Management of Forterra has determined that the barriers to entitlement consist of the incurrence of qualifying expenses. To complete the loan forgiveness process management must submit a loan forgiveness application to the lender and then the lender and the Small Business Administration (SBA) must review and approve the application.

Management determined that the barriers to entitlement were met during calendar year 2021 and so revenue in the amount of \$810,900 has been recognized in the 2021 consolidated statement of activities and no liability for the PPP loan is presented on the consolidated statement of financial position as of December 31, 2021. The loan was forgiven in full by the lender and the SBA on October 25, 2021.

#### Note 11 - Commitments

**Retirement Plan** - Forterra has a defined contribution retirement plan for eligible employees. Forterra matches employee contributions at 100%, up to a maximum of 4% of a participating employee's base salary. For the years ended December 31, 2022 and 2021, Forterra contributed \$201,108 and \$208,155, respectively, to the plan.

#### Note 12 - Board-Designated Net Assets

The Board has designated net assets for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Land acquisition	\$ 715	\$ 715
Stewardship quasi-endowment	2,042,639	2,333,237
Other	<u>25,359</u>	<u>25,359</u>
<b>Total Board-Designated Net Assets</b>	<b><u>\$ 2,068,713</u></b>	<b><u>\$ 2,359,311</u></b>

The Board established a quasi-endowment fund to be used to support Forterra's work in management of stewarded lands. The quasi-endowment fund balance totaled \$2,042,639 and \$2,333,237 at December 31, 2022 and 2021, respectively.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 13 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available as follows as of December 31:

	<u>2022</u>	<u>2021</u>
<b>Subject to the Passage of Time or Expenditure for a Specified Purpose:</b>		
Land acquisition	\$ 3,380,698	\$ 3,312,251
Special projects	33,185	27,185
Cascade agenda/Olympic agenda	517,409	1,532,354
Stewardship of specific properties or specific geographic areas	1,108,164	1,242,735
Green Cities Partnership	130,715	113,877
Future operations	118,333	219,293
	<u>5,288,504</u>	<u>6,447,695</u>
<b>Donor Restricted Endowment Fund:</b>		
Stewardship endowment fund	1,117,459	1,117,459
Deficit in endowment investments	(163,542)	(44,758)
	<u>953,917</u>	<u>1,072,701</u>
<b>Total Net Assets With Donor Restrictions</b>	<u><u>\$ 6,242,421</u></u>	<u><u>\$ 7,520,396</u></u>

#### Note 14 - Endowment Funds

Forterra's endowment consists of two individual funds, a donor-restricted endowment fund and a board-designated quasi-endowment fund, both established for long-term land stewardship. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law** - The Board of Directors of Forterra has reviewed the Washington State Prudent Management of Institutional Funds Act (PMIFA) and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, 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 determination, Forterra classifies as net assets with donor restriction to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 14 - Continued

The remaining portion of the donor-restricted endowment fund representing accumulated earnings is held as net assets with donor restriction until those amounts are appropriated for expenditure by Forterra in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, Forterra considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of Forterra and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of Forterra; and
- The investment policies of Forterra.

Change in endowment net assets for the year ended December 31, 2022:

	Net Assets Without Donor Restriction	Net Assets With Donor Restrictions Accumulated Deficit	Endowment Corpus	Total
Endowment net assets, December 31, 2021	\$ 2,333,237	\$ (44,758)	\$ 1,117,459	\$ 3,405,938
Endowment investment return	(320,598)	(118,784)		(439,382)
Contributions	30,000			30,000
<b>Endowment Net Assets, December 31, 2022</b>	<b><u>\$ 2,042,639</u></b>	<b><u>\$ (163,542)</u></b>	<b><u>\$ 1,117,459</u></b>	<b><u>\$ 2,996,556</u></b>

**Return Objectives and Risk Parameters** - Forterra 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 organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that allow for inflation and earnings, but primarily using principal preservation strategy.

Forterra expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually (4 percent for inflation and 4 percent for ongoing stewardship operations). Actual returns in any given year may vary from this amount.

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

## FORTERRA NW

### Notes to Consolidated Financial Statements For the Year Ended December 31, 2022 (With Comparative Totals for 2021)

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#### Note 14 - Continued

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - Forterra has a policy of appropriating for distribution each year 4 percent of its endowment fund's balance as of the end of the year. In establishing this policy, Forterra considered the long-term expected return on its endowment. Accordingly, over the long term, the intent is that the current spending policy would allow its endowment to grow at an average of 4 percent annually net of advisory fees and net of inflation.

**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 requires Forterra to retain as a fund of perpetual duration. Forterra has interpreted PMIFA to permit spending from underwater funds in accordance with prudent measures required under law. Deficiencies of this nature were \$163,542 and \$44,758 as of December 31, 2022 and 2021, respectively. These deficiencies resulted from unfavorable market fluctuations.

#### Note 15 - Liquidity

Forterra receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Restricted assets in excess of daily cash requirements are invested in certificate of deposits, money market funds and other short term investments. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon by board resolution. Forterra manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. Forterra has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses. Forterra has a policy to target a year-end balance of reserves of undesignated net assets without donor restrictions to meet 15 to 30 days of expected expenditures. To achieve these targets, Forterra forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually.



**FORTERRA NW****Notes to Consolidated Financial Statements  
For the Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

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**Note 15 - Continued**

The following reflects Forterra's financial assets as of year end reduced by the amounts not available for general use within one year due to donor imposed restrictions or internal designations as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,538,897	\$ 8,304,938
Accounts and pledges receivable	1,549,574	3,580,687
Notes receivable	2,200,000	2,200,000
Investments in marketable securities	<u>4,038,849</u>	<u>4,526,137</u>
Total financial assets	12,327,320	18,611,762
Less amounts not available to be used within one year-		
Noncurrent accounts and pledges receivable	(165,499)	(107,947)
Noncurrent note receivable	(2,200,000)	(2,200,000)
Funds with donor-imposed restrictions	(6,124,088)	(7,301,103)
Board-designated reserves	<u>(2,068,713)</u>	<u>(2,359,311)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 1,769,020</u></b>	<b><u>\$ 6,643,401</u></b>

## **SUPPLEMENTARY INFORMATION**

**FORTERRA NW**

**Consolidating Statement of Financial Position  
December 31, 2022  
(With Comparative Totals for 2021)**

	2022			Total	2021 Total
	Forterra NW	Other Entities	Eliminations		
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 3,908,857	\$ 630,040	\$ -	\$ 4,538,897	\$ 8,304,938
Accounts and pledges receivable, current	1,351,109	35,950	(2,984)	1,384,075	3,472,740
Prepaid expenses	229,304	14,116		243,420	227,542
Land and rights held for sale, current	1,421,646			1,421,646	1,493,278
<b>Total Current Assets</b>	<b>6,910,916</b>	<b>680,106</b>	<b>(2,984)</b>	<b>7,588,038</b>	<b>13,498,498</b>
Accounts and pledges receivable, net of current portion	165,499			165,499	107,947
Note receivable	2,200,000			2,200,000	2,200,000
Land and rights held for sale, noncurrent	1,743,000			1,743,000	1,743,000
Investments in Forterra Strong Communities Funds	968,502	394,008		1,362,510	1,568,296
Investments in wholly-owned subsidiaries	1,362,275		(1,362,275)		
Property and equipment, net	1,903,645	2,909,905	(45,000)	4,768,550	4,499,325
Long-term land holdings	23,282,172	652,092		23,934,264	22,579,658
Investments in marketable securities	4,038,849			4,038,849	4,526,137
<b>Total Assets</b>	<b>\$ 42,574,858</b>	<b>\$ 4,636,111</b>	<b>\$ (1,410,259)</b>	<b>\$ 45,800,710</b>	<b>\$ 50,722,861</b>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 673,324	\$ 38,123	\$ (2,984)	\$ 708,463	\$ 1,193,263
Accrued expenses	595,447			595,447	1,167,535
Unearned revenue	37,500	5,307		42,807	37,500
<b>Total Current Liabilities</b>	<b>1,306,271</b>	<b>43,430</b>	<b>(2,984)</b>	<b>1,346,717</b>	<b>2,398,298</b>
Other deferred liability					100,000
Notes payable	2,200,000	100,000		2,300,000	2,300,000
<b>Total Liabilities</b>	<b>3,506,271</b>	<b>143,430</b>	<b>(2,984)</b>	<b>3,646,717</b>	<b>4,798,298</b>
<b>Net Assets:</b>					
Net assets without donor restrictions-					
Undesignated	7,475,281	3,840,589	(1,407,275)	9,908,595	13,465,198
Board-designated	2,068,713			2,068,713	2,359,311
Invested in land and easements	23,282,172	652,092		23,934,264	22,579,658
Total net assets without donor restrictions	32,826,166	4,492,681	(1,407,275)	35,911,572	38,404,167
Net assets with donor restrictions	6,242,421			6,242,421	7,520,396
<b>Total Net Assets</b>	<b>39,068,587</b>	<b>4,492,681</b>	<b>(1,407,275)</b>	<b>42,153,993</b>	<b>45,924,563</b>
<b>Total Liabilities and Equity</b>	<b>\$ 42,574,858</b>	<b>\$ 4,636,111</b>	<b>\$ (1,410,259)</b>	<b>\$ 45,800,710</b>	<b>\$ 50,722,861</b>

See independent auditor's report.

**FORTERRA NW**

**Consolidating Statement of Activities  
For the Year Ended December 31, 2022  
(With Comparative Totals for 2021)**

	2022			Total	2021 Total
	Forterra NW	Other Entities	Eliminations		
<b>Unrestricted Activity</b>					
<b>Revenues and Other Income:</b>					
Grants and contributions	\$ 7,769,239	\$ -	\$ -	\$ 7,769,239	\$ 10,098,679
In-kind contributions	625,813			625,813	652,620
Fee for service	870,487	638,383	(314,426)	1,194,444	2,381,964
Investment return	(391,044)	(58,985)		(450,029)	563,595
Other revenues, gains, and losses	(134,868)	(3)		(134,871)	113,000
Net assets released from restrictions	3,019,389			3,019,389	4,811,394
<b>Total Revenues and Other Income</b>	<b>11,759,016</b>	<b>579,395</b>	<b>(314,426)</b>	<b>12,023,985</b>	<b>18,621,252</b>
<b>Expenses:</b>					
Program services	10,027,544	692,671	(287,961)	10,432,254	11,551,098
Management and general	1,816,321			1,816,321	1,344,077
Fundraising	1,713,229			1,713,229	1,893,416
<b>Total Expenses</b>	<b>13,557,094</b>	<b>692,671</b>	<b>(287,961)</b>	<b>13,961,804</b>	<b>14,788,591</b>
<b>Change in Net Assets Without Donor Restrictions Before Property Donations</b>	<b>(1,798,078)</b>	<b>(113,276)</b>	<b>(26,465)</b>	<b>(1,937,819)</b>	<b>3,832,661</b>
Land donated to others	(554,776)			(554,776)	(5,478,289)
<b>Total Change in Net Assets Without Donor Restrictions</b>	<b>(2,352,854)</b>	<b>(113,276)</b>	<b>(26,465)</b>	<b>(2,492,595)</b>	<b>(1,645,628)</b>
<b>Donor-Restricted Activity</b>					
<b>Revenues and Other Income:</b>					
Grants and contributions	1,905,953			1,905,953	2,239,001
Investment return	(164,539)			(164,539)	122,304
Net assets released from restrictions	(3,019,389)			(3,019,389)	(4,811,394)
<b>Total Change in Net Assets With Donor Restrictions</b>	<b>(1,277,975)</b>			<b>(1,277,975)</b>	<b>(2,450,089)</b>
<b>Total Change in Net Assets</b>	<b>(3,630,829)</b>	<b>(113,276)</b>	<b>(26,465)</b>	<b>(3,770,570)</b>	<b>(4,095,717)</b>
<b>Net Assets:</b>					
Beginning of year	48,649,391	4,009,729	(6,734,557)	45,924,563	50,020,280
Equity contributions from Forterra NW, net of distributions to Forterra NW		596,228	(596,228)		
Recognize dissolution of subsidiary	(5,949,975)		5,949,975		
<b>End of Year</b>	<b>\$ 39,068,587</b>	<b>\$ 4,492,681</b>	<b>\$ (1,407,275)</b>	<b>\$ 42,153,993</b>	<b>\$ 45,924,563</b>

See independent auditor's report.