

The Trust for Public Land

*Consolidated Financial Statements and
Additional Information for the Year Ended
March 31, 2005 and Independent Auditors'
Report*

THE TRUST FOR PUBLIC LAND

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2005 (WITH COMPARATIVE TOTALS FOR 2004):	
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities and Changes in Net Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5-16
ADDITIONAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2005:	
Supplemental Schedule of Functional Expenses	17
Consolidating Statements of Financial Position	18
Consolidating Statements of Activities	19

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Trust for Public Land
San Francisco, CA

We have audited the accompanying consolidated statement of financial position of The Trust for Public Land and its affiliates (not-for-profit corporations) (the "Trust") as of March 31, 2005, and the related consolidated statements of activities and changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Trust's 2005 consolidated financial statements and, in our report dated July 13, 2004, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The Trust for Public Land and its affiliates as of March 31, 2005, and changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional information on pages 17 through 19 is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. This additional information is the responsibility of the Trust's management. Such information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements, and in our opinion, is fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

Deloitte + Touche LLP

July 20, 2005

**THE TRUST FOR PUBLIC LAND
AND AFFILIATES
(Not-for-profit corporations)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2005, with summarized financial information as of March 31, 2004
(Dollars in thousands)**

ASSETS	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 10,932	\$ 7,206
Investments	79,146	84,400
Escrow accounts and other receivables	7,552	6,160
Contributions receivable, net	5,783	4,985
Notes receivable	6,664	11,382
Deposits on land transactions	3,567	4,754
Fair market value of land holdings	162,432	156,513
Assets held in charitable trusts	73,471	72,862
Property, furniture and equipment, net	781	1,035
Other assets	201	232
Total Assets	<u>\$ 350,529</u>	<u>\$ 349,529</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 10,690	\$ 9,753
Option payments received	1,669	399
Mitigation advances	5,308	4,266
Notes payable	49,612	48,088
Liabilities to beneficiaries of charitable trusts	57,959	58,259
Total Liabilities	<u>125,238</u>	<u>120,765</u>
Net assets:		
Unrestricted	39,477	50,675
Temporarily restricted	170,806	163,328
Permanently restricted	15,008	14,761
Total Net Assets	<u>225,291</u>	<u>228,764</u>
Total Liabilities and Net Assets	<u>\$ 350,529</u>	<u>\$ 349,529</u>

See notes to consolidated financial statements

**THE TRUST FOR PUBLIC LAND
AND SUBSIDIARIES**
(Not-for-profit corporations)

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year ended March 31, 2005, with summarized financial information for the year ended March 31, 2004
(Dollars in thousands)

	2005			Total	2004
	Unrestricted	Temporarily Restricted	Permanently Restricted		
REVENUES AND ADDITIONS TO NET ASSETS:					
Contributions of land and easements:					
Fair market value acquired	\$ 421,539			\$ 421,539	\$ 381,273
Less consideration paid	<u>(390,229)</u>			<u>(390,229)</u>	<u>(324,706)</u>
Contributions of land and easement values received	<u>31,310</u>			<u>31,310</u>	<u>56,567</u>
Contributions and grants - other:					
Restricted		\$ 52,630	\$ 242	52,872	54,547
Unrestricted	24,363			24,363	20,661
Future interests in charitable trusts		176		176	441
Change in value of interests in charitable trusts		734		734	2,928
Total contributions and grants - other	<u>24,363</u>	<u>53,540</u>	<u>242</u>	<u>78,145</u>	<u>78,577</u>
TOTAL CONTRIBUTIONS AND GRANTS	<u>55,673</u>	<u>53,540</u>	<u>242</u>	<u>109,455</u>	<u>135,144</u>
Interest income	2,508	220	5	2,733	2,703
Net realized and unrealized gains (losses) on investments	(592)	(3)		(595)	1,668
Restricted grants returned to donor		(640)		(640)	
Project fees and other income	<u>10,113</u>			<u>10,113</u>	<u>9,373</u>
TOTAL REVENUES AND ADDITIONS	<u>67,702</u>	<u>53,117</u>	<u>247</u>	<u>121,066</u>	<u>148,888</u>
NET ASSETS RELEASED FROM RESTRICTIONS	45,639	(45,639)			
TOTAL REVENUES AND ADDITIONS TO NET ASSETS	<u>113,341</u>	<u>7,478</u>	<u>247</u>	<u>121,066</u>	<u>148,888</u>
EXPENSES AND REDUCTIONS TO NET ASSETS:					
Program services:					
Contributions of land and easements to public agencies and other nonprofit organizations:					
Fair market value conveyed	410,283			410,283	373,515
Less consideration received	<u>(351,432)</u>			<u>(351,432)</u>	<u>(331,326)</u>
Contributions of land and easement values made	58,851			58,851	42,189
Open space conservation programs	<u>50,372</u>			<u>50,372</u>	<u>54,340</u>
Total program services	<u>109,223</u>			<u>109,223</u>	<u>96,529</u>
Development	3,555			3,555	2,856
Management and support services	<u>11,761</u>			<u>11,761</u>	<u>10,684</u>
Total support services	15,316			15,316	13,540
TOTAL EXPENSES AND REDUCTIONS TO NET ASSETS	<u>124,539</u>	<u>-</u>	<u>-</u>	<u>124,539</u>	<u>110,069</u>
Net Increase (Decrease) in Net Assets	(11,198)	7,478	247	(3,473)	38,819
Net Assets at Beginning of Year	<u>50,675</u>	<u>163,328</u>	<u>14,761</u>	<u>228,764</u>	<u>189,945</u>
Net Assets at End of Year	<u>\$ 39,477</u>	<u>\$ 170,806</u>	<u>\$ 15,008</u>	<u>\$ 225,291</u>	<u>\$ 228,764</u>

See notes to consolidated financial statements

**THE TRUST FOR PUBLIC LAND
AND SUBSIDIARIES**
(Not-for-profit corporations)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2005, with summarized financial information for the year ended March 31, 2004
(Dollars in thousands)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets	\$ (3,473)	\$ 38,819
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Fair market value of land and easements acquired	(421,539)	(381,273)
Fair market value of land and easements conveyed to public agencies and other nonprofit organizations	410,283	373,515
Fair market value of investment land sold	5,338	18,137
Permanently restricted contributions and grants	(247)	(41)
Net realized and unrealized (gains) losses on investments	595	(1,668)
Depreciation and amortization	254	525
Changes in operating assets and liabilities:		
Escrow accounts and other receivables	(1,392)	158
Contributions receivable, net	(798)	506
Deposits on land transactions	1,187	(604)
Assets held in charitable trusts	(609)	(12,503)
Other assets	31	87
Accounts payable and accrued expenses	937	1,844
Option payments received	1,270	(14,993)
Mitigation advances	1,042	876
Assets held for third parties		(134)
Liabilities to beneficiaries of charitable trusts	(300)	10,409
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(7,421)	33,660
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity/sales of investments	30,710	35,129
Purchases of investments	(26,052)	(52,986)
Payments received from notes receivable	19,565	16,210
Issuance of notes receivable	(14,847)	(10,485)
Acquisitions of property and equipment		(167)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	9,376	(12,299)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings for land acquisitions	143,075	76,537
Repayment of borrowings for land acquisitions	(141,551)	(101,825)
Proceeds from permanently restricted contributions and grants	247	41
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,771	(25,247)
Net increase (decrease) in cash and cash equivalents	3,726	(3,886)
Cash and cash equivalents at beginning of year	7,206	11,092
Cash and cash equivalents at end of year	\$ 10,932	\$ 7,206
Supplemental information -		
Interest paid during the year	\$ 843	\$ 1,173

See notes to consolidated financial statements

THE TRUST FOR PUBLIC LAND AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended March 31, 2005, with summarized financial information for the year ended March 31, 2004

NOTE 1 - General

The Trust for Public Land and affiliates (the "Trust") are charitable, not-for-profit corporations which were created to serve the public's need for open space preservation, both in metropolitan and rural areas. The Trust's principal objective is to facilitate the transfer of privately held land into protective public and not-for-profit ownership.

Because of potential tax and timing benefits to the private owner, the Trust generally acquires land and easements by gifts or at prices below fair market value. The resulting difference between fair market value and the owner's selling price thus becomes a gift to the Trust in the form of land or easement value. Similarly, the Trust often conveys land and easements to public agencies and other not-for-profit organizations for amounts less than fair market value, thereby sharing a portion of the donor's gift while retaining the remaining proceeds as continuing support for its ongoing activities. For the thirty-two years since inception, the Trust has acquired title to land and easements with a fair market value of \$3,729,407,000 for consideration of \$3,116,939,000, resulting in contributions of land and easement value to the Trust of \$612,468,000. During the same period, land and easements with a fair market value of \$3,441,360,000 were conveyed directly to public agencies and other nonprofit organizations for consideration of \$2,910,283,000, resulting in contributions of land and easement value by the Trust of \$531,077,000.

In addition to the aforementioned acquisitions and conveyances of land and easements which the Trust at one time held title to, the Trust has also played an instrumental role in numerous public acquisitions where title did not actually pass through the Trust. Generally, this occurs when options or contracts held by the Trust to acquire land are assigned to public agencies for direct acquisition. Consequently, the Trust may also include the value of these additional acquisitions and conveyances in statistics, which it lists in other publications or reports.

The Conservation Campaign is a tax-exempt affiliate of the Trust, organized under Section 501(c)(4) of the Internal Revenue Code for the purpose of land and habitation preservation, and for parks conservation and improvement. The Trust has the right to approve or remove members of the Board of Directors of The Conservation Campaign. Upon any dissolution of The Conservation Campaign, all assets will be transferred to the Trust.

NOTE 2 - Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include all accounts and operations of The Trust for Public Land and organizations in which The Trust for Public Land has both control and an economic interest, which includes TPL-New York, Inc., TPL-Mississippi, Inc., TPL-Oregon, Inc., TPL-Center, Inc., Coast Dairies and Land Company, Inc. and The Conservation Campaign (collectively the "Trust"). Intercompany accounts and transactions have been eliminated in consolidation.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

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

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

Investments - Equity securities with readily determinable fair value and all debt securities are reported at estimated fair value based on quoted market prices. Investments received through gifts are recorded at estimated fair value at the date of donation. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales or maturities are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are accrued when earned.

Contributions Receivable represent amounts unconditionally committed by donors that have not been received by the Trust.

Notes Receivable primarily represent amounts due from local governmental agencies with various interest rates, ranging from 0% to 6.75%. Certain notes are secured by real properties. Maturity dates range from June 2006 through December 2007.

Fair Market Value of Land Holdings - Acquisitions of land and easements by the Trust frequently occur in the form of gifts or as purchases for amounts substantially below fair market value. The Trust records both acquisitions and conveyances at fair market value as determined under one of the following valuation procedures:

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

Fair market values of certain properties acquired and valued in prior fiscal periods are revised where current data indicates that a material change in value has occurred. Such revaluations resulted in net decreases of \$4,462,000 and \$5,316,000 in 2005 and 2004, respectively. Revaluations are included in the fair market value of land acquired in the accompanying Consolidated Statement of Activities and Changes in Net Assets.

Investment land is valued at its fair market value on the date of receipt, subject to revaluation as explained above. The fair market value of investment land included in land holdings at March 31, 2005 and 2004 was \$629,000.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Easements acquired by the Trust are conservation easements and represent numerous restrictions over the use and development of land not owned by the Trust. These easements generally provide that the land will be maintained unimpaired in its current natural, agricultural, scenic or recreational state. Since the benefits of such easements accrue to the public upon acquisition, the fair market value of easements acquired is shown in the year of acquisition as an addition to net assets to record the donor's gift, and, unless conveyed to a public agency for consideration, shown as a reduction in net assets to record the value of the public's benefit and to recognize that these easements have no marketable value once severed from the land and held by the Trust. During the year ended March 31, 2005, easements valued at \$33,500,000 were acquired, none were subject to upward revaluation, and \$41,155,000 were conveyed. In 2004, easements valued at \$19,042,000 were acquired, \$134,000 was recorded for upward valuation, and \$53,173,000 were conveyed.

Assets Held in Charitable Trusts include the estimated fair value of various irrevocable charitable trusts in which the Trust is both trustee and secondary beneficiary, as well as the estimated net present value of the Trust's remainder interest in various irrevocable trusts for which the Trust is secondary beneficiary and not the trustee. The net present value of the Trust's interest in such assets has been actuarially determined using investment returns consistent with the composition of the asset portfolios, life expectancies from the 1983 IRS Mortality Table for gifts prior to July 1, 1998, and life expectancies from the 2000 IRS Mortality Table for all other trusts, as well as for the pooled income fund and all gift annuities, in the determination of single and joint life expectancies (see Note 6). In addition, the Internal Revenue Service Applicable Federal Rate table for the month of March in the year in which the trust was established was used for all charitable remainder trusts. The applicable federal rate for determining the present value of a remainder interest for March 2005 was 4.6%.

Property, Furniture and Equipment are recorded at cost. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of the assets or lease term, whichever is shorter. Useful lives range from 3 to 19 years.

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

Liabilities to Beneficiaries of Charitable Trusts represent the present value of liabilities due to primary beneficiaries and unrelated secondary beneficiaries of the irrevocable trusts for which the Trust is both trustee and a secondary beneficiary (see Note 6).

Temporarily Restricted Net Assets represent contributions whose use by the Trust is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by activities conducted by the Trust pursuant to those stipulations (see Note 10).

Permanently Restricted Net Assets are restricted by the donor for investment in perpetuity. The assets consist primarily of revolving capital funds, which are used for capital investment in land purchases, and endowment funds. The income from these funds is generally available for current use, but may also be donor restricted (see Note 11).

Conditional promises to give are not recorded as contribution revenue until the conditions are substantially met (see Note 13).

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk – Financial instruments which potentially subject the Trust to credit risk consists primarily of cash equivalents, investments, accounts receivable, contributions receivable, and notes receivable. The Trust maintains cash equivalents and investments with commercial banks and other major financial institutions. The Trust manages credit risk by establishing minimum credit standards for financial institutions and limiting the amount of credit exposure with any one institution. The Trust's investments have been placed with major counterparties. The Trust has not incurred credit risk losses related to these investments.

Fair Value of Financial Instruments - Financial instruments included in the Trust's Consolidated Statement of Financial Position as of March 31, 2005 include cash equivalents, investments, accounts and other receivables, contributions receivable, notes receivable, assets held in charitable trusts, accounts payable and accrued expenses, notes payable, and liabilities to beneficiaries of charitable trusts. For cash equivalents, accounts and other receivables, contributions receivable and accounts payable and accrued expenses, the carrying amounts represent a reasonable estimate of the corresponding fair values. Investments, assets held in charitable trusts, and the liabilities to beneficiaries of charitable trusts are reflected in the accompanying Consolidated Statement of Financial Position at their estimated fair values using methodologies described above. Management believes that the carrying values of the notes receivable and notes payable are not materially different from estimates of the corresponding fair values.

Revolving Capital Funds - The Trust maintains certain revolving funds to be used primarily for direct land acquisition. When the related land is conveyed and acquisition costs recovered, the expended amounts are restored to the revolving funds. Revolving capital funds generally originate from restricted contributions, but may also originate from court ordered consent decrees or settlements. The Trust has an internally designated fund that has been set aside by the Board of Directors. It is used primarily for timely but high risk responses to unusual purchase opportunities of publicly desirable open space, which would otherwise be lost pending governmental action. Revolving funds, whether provided by donors or lenders, are generally restricted to certain geographical areas or types of land.

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

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

Costs of Joint Activities that are identifiable with a particular function are charged to that function and joint costs are allocated between development and the appropriate program or management and support services function. Joint costs were incurred by the Trust for quarterly publications and the improvement and maintenance of the Trust's web site. Of the total joint costs incurred of \$656,000 for the year ended March 31, 2005, \$58,000 has been allocated to development, and \$598,000 has been allocated to

NOTE 2 - Summary of Significant Accounting Policies (Continued)

management and support services. Of the joint costs incurred of \$541,000 for the year ended March 31, 2004, \$53,000 was allocated to development, and \$488,000 was allocated to management and support services.

Comparative Information - The accompanying consolidated financial statements include certain comparative information for which the prior year information is summarized in total. In particular, prior year information is not disclosed by net asset class on the accompanying Consolidated Statement of Activities and Changes in Net Assets. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust's consolidated financial statements for the year ended March 31, 2004, from which the summarized information is derived.

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

NOTE 3 - Investments

Investments are reflected at estimated fair value, and consist of the following:

<u>(Dollars in thousands)</u>	<u>March 31</u>	
	<u>2005</u>	<u>2004</u>
Mutual funds - bonds and notes	\$ 70,285	\$ 75,452
Mutual funds - equity securities	8,686	8,461
U.S. Treasury obligations	101	208
Corporate bonds and notes	-	204
Common stocks and equities	74	75
	<u>\$ 79,146</u>	<u>\$ 84,400</u>

NOTE 4 – Contributions Receivable

Contributions receivable as of March 31, 2005 are due as follows:

(Dollars in thousands)

	<u>Amount</u>
Less than one year	\$ 4,658
One to five years (net of discount of \$87)	<u>1,125</u>
	<u>\$ 5,783</u>

NOTE 5 - Fair Market Value of Land Holdings

Unrestricted and temporarily restricted net assets include donations of land received by the Trust. These donations are realized from outright donations of land to the Trust, as well as from transactions where the fair market value of land received exceeds the cost of land acquired. It is anticipated that a substantial portion of these donations of land value will be contributed to public agencies and other nonprofit organizations by conveying such land at amounts less than fair market value. The excess of fair market value of land holdings over consideration paid included in the Trust's unrestricted net assets was \$21,800,000 and \$32,974,000 at March 31, 2005 and 2004, respectively. For temporarily restricted net assets, the excess of fair market value of land holdings over consideration paid was \$629,000 at March 31, 2005 and 2004.

NOTE 6 - Assets Held in Charitable Trusts and Liabilities to Beneficiaries of Charitable Trusts

Assets held in charitable trusts were \$73,471,000 and \$72,862,000 as of March 31, 2005 and 2004, respectively. Assets held in charitable trusts include contributions receivable from charitable trusts as of March 31, 2005 which are expected to be collected as follows: \$63,000 within one to five years and \$15,450,000 thereafter.

Each charitable trust requires periodic distributions to designated primary beneficiaries over a period of time. Accordingly, such liabilities to beneficiaries of charitable trusts in which the Trust is both trustee and secondary beneficiary have been reflected as liabilities to beneficiaries of charitable trusts in the accompanying Consolidated Statement of Financial Position. Such liabilities have been determined based upon an actuarial analysis of the expected income to be generated by the assets of each charitable trust, the life expectancies of the primary beneficiaries of each trust, and the distribution rates established by the charitable trust agreements. As of March 31, 2005 and 2004, liabilities to beneficiaries of charitable trusts approximated \$57,959,000 and \$58,259,000, respectively.

Assets held in charitable trusts include assets attributable to the charitable gift annuity program. Management believes that it is in conformity with compliance requirements in those states where it has established gift annuities. In addition, the Trust's gift annuity program complies with the requirements of Oregon Revised Statutes ("ORS") §731.716 "Reserve Funds Required" and uses the mortality table recognized and approved by the Oregon Insurance Division.

**NOTE 6 – Assets Held in Charitable Trusts and Liabilities to Beneficiaries of Charitable Trusts
(Continued)**

As a disclosure required by the state of Oregon, the financial position and activities of the Trust's gift annuity program as of and for the years ended March 31, 2005 and 2004 are as follows:

<u>(Dollars in thousands)</u>	<u>March 31</u>	
	<u>2005</u>	<u>2004</u>
Charitable gift annuity assets at fair value, beginning of year	\$ 2,300	\$ 1,573
Additional gift annuities received	111	844
Annuity program distributions	-	(121)
Investment income	79	69
Net realized and unrealized gain (loss) on investments	(25)	130
Fees and gift annuity expenses	(22)	(23)
Annuity payments made to beneficiaries	(186)	(172)
Charitable gift annuity assets at fair value, end of year	<u>\$ 2,257</u>	<u>\$ 2,300</u>

NOTE 7 - Property, Furniture and Equipment

Property, furniture and equipment consist of the following as of March 31, 2005 and 2004:

<u>(Dollars in thousands)</u>	<u>March 31</u>	
	<u>2005</u>	<u>2004</u>
Buildings and leasehold improvements	\$ 2,396	\$ 2,396
Furniture and fixtures	342	342
Office equipment	1,682	1,682
Total	4,420	4,420
Less accumulated depreciation and amortization	(3,639)	(3,385)
Property, furniture and equipment, net	<u>\$ 781</u>	<u>\$ 1,035</u>

NOTE 8 - Mitigation Advances Used and Deferred

Mitigation advances received by the Trust are used to acquire and convey land, or to incur specific conservation program expenses as directed under the terms of the specific award. Generally, these mitigation advances result from court ordered consent decrees, or settlements reached by parties involved in environmental litigation. Mitigation advances received, utilized, refunded and deferred as of and for the years ended March 31, 2005 and 2004 are as follows:

<u>(Dollars in thousands)</u>	<u>March 31</u>	
	<u>2005</u>	<u>2004</u>
Mitigation advances at beginning of year	\$ 4,266	\$ 3,390
Additions to mitigation advances, net	1,212	2,069
Mitigation advances utilized	(170)	(1,193)
Mitigation advances at end of year	<u>\$ 5,308</u>	<u>\$ 4,266</u>

NOTE 9 - Notes Payable

The Trust has a \$45,000,000 bank line of credit agreement for use nationally that is unsecured and bears interest at a variable rate, ranging from prime rate less one and one-quarter of one percent up to a maximum of prime plus one-quarter of one percent, depending upon the outcome of a loan covenant test for recourse indebtedness. The rate in effect at year end was prime less one and one-quarter of one percent (4.5% as of March 31, 2005). Individual letters of credit drawn against the line of credit may not exceed \$7,500,000. The line requires annual renewal and currently expires on November 1, 2005. At March 31, 2005, \$22,977,000 of the line of credit was being utilized.

In addition, the credit agreement includes a ten-year term loan on an office condominium of which \$84,000 was outstanding as of March 31, 2005. The term loan matures in September 2006, and bears interest at a fixed rate (5.6% until maturity).

The Trust has a \$25,000,000 bank line of credit for use nationally with a revolving master note for use in the acquisition of real estate and a \$5,000,000 bank line of credit with a revolving promissory note for working capital purposes. Both lines of credit bear interest at the 30-day London Interbank Offered Rate (LIBOR) plus one and sixty-five one-hundredths of one percent. The LIBOR based rate was 2.86% at March 31, 2005. The revolving master note does not expire until indebtedness has been satisfied, however the revolving credit facility expires on September 1, 2005. At March 31, 2005, \$393,000 was utilized from the bank line of credit with the revolving master note. The bank line of credit with the revolving promissory note was unutilized at March 31, 2005.

The Trust has a \$6,000,000 revolving bank line of credit for land acquisitions in New England. The line of credit bears interest at the 30-day London Interbank Offered Rate (LIBOR) plus two percent (4.86% at March 31, 2005). At March 31, 2005, \$432,000 of the line of credit was being utilized from borrowings. The line of credit expires May 1, 2006.

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

NOTE 9 – Notes Payable (Continued)

Notes payable (and current terms):

<u>(Dollars in thousands)</u>	<u>March 31</u>	
	<u>2005</u>	<u>2004</u>
Insurance companies and banks (4.5% to 5.6% interest with maturities through December 2006)	\$ 23,886	\$ 24,399
Foundations and trusts (0% to 3.5% interest with maturities through January 2009)	14,775	17,359
Loans from sellers of land (0% to 7.88% interest with maturities through May 2014)	9,509	5,885
Other sources (1.49% interest with maturities through June 2005)	<u>1,442</u>	<u>445</u>
	<u>\$ 49,612</u>	<u>\$ 48,088</u>

The notes are payable as follows:

<u>Year ending March 31 (Dollars in thousands)</u>	<u>Amount</u>
2006	\$ 31,406
2007	12,914
2008	554
2009	4,704
2010	5
Thereafter	<u>29</u>
	<u>\$ 49,612</u>

Of the above amount, notes payable of \$10,428,000 are non recourse and are collateralized by land and buildings valued at \$19,876,000 at March 31, 2005. The recourse notes payable of \$39,184,000 are unsecured. Certain of these loan agreements have debt covenants including coverage ratios of expenses, limitations on non recourse debt, working capital and minimum cash requirements. As of March 31, 2005, management believes the Trust was in compliance with the financial terms of such debt covenants. Interest expense was \$1,376,000 and \$1,524,000 for the years ended March 31, 2005 and 2004, respectively.

NOTE 10 - Temporarily Restricted Net Assets and Net Assets Released from Restrictions

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

(Dollars in thousands)

	2005	2004
Temporarily restricted net assets released from restrictions during the year ended March 31 were as follows:		
Restricted for project and program expenses	\$ (16,385)	\$ (16,951)
Restricted for acquisition of land	(29,240)	(15,627)
With time restrictions	(14)	(505)
Total net assets released from restrictions	\$ (45,639)	\$ (33,083)
Temporarily restricted net assets as of March 31 were as follows:		
Restricted for project and program expenses	\$ 14,781	\$ 13,084
Restricted for acquisition of land	133,687	130,050
With time restrictions	22,338	20,194
Total temporarily restricted net assets at end of year	\$ 170,806	\$ 163,328

NOTE 11 - Permanently Restricted Net Assets

Permanently restricted net assets consist of the following:

	March 31	
<i>(Dollars in thousands)</i>	2005	2004
Capital revolving funds - income unrestricted	\$ 14,045	\$ 13,803
Capital revolving funds - income permanently restricted	663	658
Endowment funds - income temporarily restricted	300	300
Total permanently restricted net assets	\$ 15,008	\$ 14,761

NOTE 12 – Commitments and Contingencies

The Trust leases office space and equipment for the operation of a national headquarters office, six regional offices, and thirty-six field or project offices. Lease commitments expire at various dates through August 31, 2011. Lease expense was \$3,199,000 and \$3,221,000 for the years ended March 31, 2005 and 2004, respectively. Future minimum lease payments under non-cancelable long term leases as of March 31, 2005, are as follows:

(Dollars in thousands)

Year ending March 31:	Amount
2006	\$ 2,858
2007	2,324
2008	1,799
2009	1,629
2010	1,602
Thereafter	696
	<u>\$ 10,908</u>

Occasionally, the Trust is involved in legal actions arising from normal business activities. Management, upon advice of legal counsel handling such actions, believes that the ultimate resolution of any such actions will not have a material effect on the Trust's financial position or results of activities.

NOTE 13 – Conditional Promises to Give

The Trust received the following conditional promises to give that are not recognized in the accompanying consolidated financial statements:

<i>(Dollars in thousands)</i>	March 31	
	2005	2004
Conditional promises to give upon identification of land holdings available for acquisition	\$ 19,390	\$ 36,130
Conditional promises to give upon obtaining matching unconditional promises to give	5,058	4,906
	<u>\$ 24,448</u>	<u>\$ 41,036</u>

NOTE 14 - Retirement Plan

The Trust maintains a defined contribution retirement plan (the “Plan”) under Section 403(b) of the Internal Revenue Code. The Plan covers all employees who normally work twenty or more hours per week. The Plan provides for voluntary salary deferrals within certain limits, and after one year of service, the Trust provides matching employer contributions for eligible employees who contribute a certain minimum percentage of their compensation. The Trust contributed \$1,000,000 and \$1,011,000 to the Plan during the years ended March 31, 2005 and 2004, respectively.

NOTE 15 – Grants from Related Parties

In September 2004, the Trust approved The Stenning on Lake Geneva Conservancy Society (“The Stenning”) as a supporting organization under section 509(a)(3) of the Internal Revenue Code. The Stenning’s Articles of Incorporation and By-Laws, as amended in 2004, designate the Trust’s President, or his or her designee, as a Stenning trustee. The designation does not result in the Trust exercising control of The Stenning. However, additional provisions in the amended Articles result in the Trust having an economic interest in The Stenning. Since the Trust does not have both control and economic interest in The Stenning, it is not consolidated as part of these financial statements. During the year ended March 31, 2005, The Stenning made grants of \$150,000 to the Trust.

* * * * *

**THE TRUST FOR PUBLIC LAND
AND AFFILIATES
(Not-for-profit corporations)**

SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES

Year ended March 31, 2005, with summarized financial information for the year ended March 31, 2004

(Dollars in thousands)

	2005			Total	2004 Total
	Program Services	Development	Management and Support Services		
Contributions of land and easement values made	\$ 58,851			\$ 58,851	\$ 42,189
Operating expenses:					
Salaries and benefits	22,717	2,078	7,316	32,111	30,896
Travel and meetings	689	102	562	1,353	924
Rent and office expense	2,541	137	798	3,476	3,480
Telecommunications	759	17	81	857	881
General professional services	672	446	1,189	2,307	2,159
Supplies and postage	284	296	222	802	672
Printing and reproduction	182	233	467	882	643
Furniture, fixtures and equipment	594	25	526	1,145	960
Other operating expenses	200	59	154	413	573
Insurance	151	15	114	280	262
Grants and contributions	299	3	23	325	269
Books, dues and subscriptions	99	12	92	203	166
Total operating expenses	<u>29,187</u>	<u>3,423</u>	<u>11,544</u>	<u>44,154</u>	<u>41,885</u>
Project related expenses:					
Legal services	404	-	-	404	738
Appraisal services	1,745	-	-	1,745	1,404
Interest	1,352	-	-	1,352	1,463
Acquisition and conveyance expenses	858	-	-	858	1,429
Other project related expenses	9,797	58	82	9,937	14,046
Travel and meetings	946	20	21	987	966
Other professional services	6,083	54	114	6,251	5,949
Total project related expenses	<u>21,185</u>	<u>132</u>	<u>217</u>	<u>21,534</u>	<u>25,995</u>
Total expenses	<u>50,372</u>	<u>3,555</u>	<u>11,761</u>	<u>65,688</u>	<u>67,880</u>
Total	<u>\$ 109,223</u>	<u>\$ 3,555</u>	<u>\$ 11,761</u>	<u>\$ 124,539</u>	<u>\$ 110,069</u>

**THE TRUST FOR PUBLIC LAND
AND AFFILIATES
(Not-for-profit corporations)**

**CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
(Dollars in thousands)**

AS OF MARCH 31, 2005

AS OF MARCH 31, 2004

	AS OF MARCH 31, 2005						AS OF MARCH 31, 2004					
	Trust for Public Land	Coast Dairies	New York	The Conservation Campaign	Eliminating Entries	Total	Trust for Public Land	Coast Dairies	New York	The Conservation Campaign	Eliminating Entries	Total
ASSETS												
Cash and cash equivalents	\$ 9,751	\$ 731	\$ -	\$ 450	\$ -	\$ 10,932	\$ 5,888	\$ 821	\$ -	\$ 497	\$ -	\$ 7,206
Investments	79,146	-	-	-	-	79,146	84,400	-	-	-	-	84,400
Accounts and other receivables	7,551	-	-	1	-	7,552	6,140	20	-	-	-	6,160
Contributions receivable, net	5,783	-	-	150	(150)	5,783	4,985	-	-	58	(58)	4,985
Notes receivable	6,664	-	-	-	-	6,664	11,382	-	-	-	-	11,382
Deposits on land transactions	3,567	-	-	-	-	3,567	4,754	-	-	-	-	4,754
Fair market value of land holdings	118,231	44,201	-	-	-	162,432	112,179	44,201	133	-	-	156,513
Assets held in charitable trusts	73,471	-	-	-	-	73,471	72,862	-	-	-	-	72,862
Property, furniture and equipment, net	781	-	-	-	-	781	1,035	-	-	-	-	1,035
Other assets	201	-	-	-	-	201	232	-	-	-	-	232
Investment in affiliates	44,563	-	-	-	(44,563)	-	44,860	-	-	-	(44,860)	-
Total Assets	<u>\$ 349,709</u>	<u>\$ 44,932</u>	<u>\$ -</u>	<u>\$ 601</u>	<u>\$ (44,713)</u>	<u>\$ 350,529</u>	<u>\$ 348,717</u>	<u>\$ 45,042</u>	<u>\$ 133</u>	<u>\$ 555</u>	<u>\$ (44,918)</u>	<u>\$ 349,529</u>
LIABILITIES AND NET ASSETS												
Liabilities:												
Accounts payable and accrued expenses	\$ 9,870	\$ 878	\$ -	\$ 92	\$ (150)	\$ 10,690	\$ 8,941	\$ 785	\$ -	\$ 85	\$ (58)	\$ 9,753
Option payments received	1,669	-	-	-	-	1,669	399	-	-	-	-	399
Mitigation advances	5,308	-	-	-	-	5,308	4,266	-	-	-	-	4,266
Notes payable	49,612	-	-	-	-	49,612	48,088	-	-	-	-	48,088
Liabilities to beneficiaries of charitable trusts	57,959	-	-	-	-	57,959	58,259	-	-	-	-	58,259
Total Liabilities	<u>124,418</u>	<u>878</u>	<u>-</u>	<u>92</u>	<u>(150)</u>	<u>125,238</u>	<u>119,953</u>	<u>785</u>	<u>-</u>	<u>85</u>	<u>(58)</u>	<u>120,765</u>
Net Assets:												
Unrestricted	\$ 39,477	\$ (898)	\$ -	\$ 312	\$ 586	\$ 39,477	\$ 50,675	\$ (695)	\$ 133	\$ 167	\$ 395	\$ 50,675
Temporarily restricted	170,806	44,952	-	197	(45,149)	170,806	163,328	44,952	-	303	(45,255)	163,328
Permanently restricted	15,008	-	-	-	-	15,008	14,761	-	-	-	-	14,761
Total Net Assets	<u>225,291</u>	<u>44,054</u>	<u>-</u>	<u>509</u>	<u>(44,563)</u>	<u>225,291</u>	<u>228,764</u>	<u>44,257</u>	<u>133</u>	<u>470</u>	<u>(44,860)</u>	<u>228,764</u>
Total Liabilities and Net Assets	<u>\$ 349,709</u>	<u>\$ 44,932</u>	<u>\$ -</u>	<u>\$ 601</u>	<u>\$ (44,713)</u>	<u>\$ 350,529</u>	<u>\$ 348,717</u>	<u>\$ 45,042</u>	<u>\$ 133</u>	<u>\$ 555</u>	<u>\$ (44,918)</u>	<u>\$ 349,529</u>

NOTE: TPL-Mississippi, TPL-Oregon and TPL Center had no balances for the periods shown on this schedule.

**THE TRUST FOR PUBLIC LAND
AND AFFILIATES**
(Not-for-profit corporations)

CONSOLIDATING STATEMENTS OF ACTIVITIES
(Dollars in thousands)

	YEAR ENDED MARCH 31, 2005							YEAR ENDED MARCH 31, 2004						
	Trust for <u>Public Land</u>	Coast <u>Dairies</u>	New <u>York</u>	Mississippi	The Conservation <u>Campaign</u>	Eliminating <u>Entries</u>	Total	Trust for <u>Public Land</u>	Coast <u>Dairies</u>	New <u>York</u>	The Conservation <u>Campaign</u>	Eliminating <u>Entries</u>	Total	
REVENUES AND ADDITIONS TO NET ASSETS:														
Contributions of land and easements:														
Fair market value acquired	\$ 421,467	\$ -	\$ 46	\$ 26	\$ -	\$ -	\$ 421,539	\$ 381,273	\$ -	\$ -	\$ -	\$ -	\$ 381,273	
Less consideration paid	(390,203)	-	-	(26)	-	-	(390,229)	(324,706)	-	-	-	-	(324,706)	
Contributions of land and easement values received	31,264	-	46	-	-	-	31,310	56,567	-	-	-	-	56,567	
Contributions and grants - other:														
Restricted	52,501	-	-	-	421	(50)	52,872	54,292	-	-	320	(65)	54,547	
Unrestricted	24,259	-	-	-	529	(425)	24,363	20,597	-	-	382	(318)	20,661	
Future interests in charitable trusts	176	-	-	-	-	-	176	441	-	-	-	-	441	
Change in value of interests in charitable trusts	734	-	-	-	-	-	734	2,928	-	-	-	-	2,928	
Total contributions and grants - other	77,670	-	-	-	950	(475)	78,145	78,258	-	-	702	(383)	78,577	
TOTAL CONTRIBUTIONS AND GRANTS	108,934	-	46	-	950	(475)	109,455	134,825	-	-	702	(383)	135,144	
Interest income	2,723	7	-	-	3	-	2,733	2,696	6	-	1	-	2,703	
Net realized and unrealized gains (losses) on investments	(595)	-	-	-	-	-	(595)	1,668	-	-	-	-	1,668	
Restricted grants returned to donor	(640)	-	-	-	-	-	(640)	-	-	-	-	-	-	
Project fees and other income	10,030	83	-	-	-	-	10,113	9,183	183	-	7	-	9,373	
Equity in net activities of affiliates	(299)	-	-	-	-	299	-	92	-	-	-	(92)	-	
TOTAL REVENUES AND ADDITIONS TO NET ASSETS	120,153	90	46	-	953	(176)	121,066	148,464	189	-	710	(475)	148,888	
EXPENSES AND REDUCTIONS TO NET ASSETS:														
Program services:														
Contributions of land and easements to public agencies and other nonprofit organizations:														
Fair market value conveyed	410,078	-	179	26	-	-	410,283	373,515	-	-	-	-	373,515	
Less consideration received	(351,406)	-	-	(26)	-	-	(351,432)	(331,326)	-	-	-	-	(331,326)	
Contributions of land and easement values made	58,672	-	179	-	-	-	58,851	42,189	-	-	-	-	42,189	
Open space conservation programs	49,781	294	-	-	772	(475)	50,372	53,916	302	-	505	(383)	54,340	
Total program services	108,453	294	179	-	772	(475)	109,223	96,105	302	-	505	(383)	96,529	
Development	3,495	-	-	-	60	-	3,555	2,856	-	-	-	-	2,856	
Management and support services	11,678	-	-	-	83	-	11,761	10,684	-	-	-	-	10,684	
Total support services	15,173	-	-	-	143	-	15,316	13,540	-	-	-	-	13,540	
TOTAL EXPENSES AND REDUCTIONS TO NET ASSETS	123,626	294	179	-	915	(475)	124,539	109,645	302	-	505	(383)	110,069	
Net Increase (Decrease) in Net Assets	\$ (3,473)	\$ (204)	\$ (133)	\$ -	\$ 38	\$ 299	\$ (3,473)	\$ 38,819	\$ (113)	\$ -	\$ 205	\$ (92)	\$ 38,819	

NOTE: TPL-Oregon and TPL Center had no activity for the periods shown on this schedule.