REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS

THE CLIMATE TRUST AND SUBSIDIARY

December 31, 2018 and 2017

MOSSADAMS

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Report of Independent Auditors

The Board of Directors
The Climate Trust and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Climate Trust and Subsidiary (non-profit organization and for-profit subsidiary), which comprise the consolidated statement of financial position as of December 31, 2018 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Climate Trust and Subsidiary as of December 31, 2018 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.

Other Matters

Prior Period Financial Statements

The financial statements of The Climate Trust and Subsidiary as of December 31, 2017, were audited by other auditors whose report dated August 3, 2018, expressed an unmodified opinion on those statements.

Moss Adams LLP

Portland, Oregon
April 22, 2019

ASSETS

	December 31, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	$ 6,778,779	$ 4,744,698
Investments	17,562,935	20,982,548
Accounts, grants, and contracts receivable	1,323	91,718
Prepaid expenses and deposits	15,690	31,045
Prepaid offset purchases	1,383,066	1,554,419
Carbon offset inventory	2,262,500	2,183,738
Investments in pilot projects	4,351,992	2,735,931
Fixed assets net of accumulated depreciation ($34,489 and $33,252)	-	1,237
Total assets	$ 32,356,285	$ 32,325,334

LIABILITIES AND NET ASSETS

	December 31, 2018	December 31, 2017
LIABILITIES		
Lines of credit	107,014	$ 2,917,501
Accounts payable	13,834	62,250
Accrued expenses	161,423	288,604
Loan payable – pilot projects	5,219,606	2,909,606
Unearned offset revenue	22,956,407	22,333,378
Total liabilities	28,458,284	28,511,339
NET ASSETS		
Without donor restrictions	3,898,001	3,813,995
Total net assets	3,898,001	3,813,995
Total liabilities and net assets	$ 32,356,285	$ 32,325,334

The Climate Trust and Subsidiaries
Consolidated Statements of Activities

	December 31, 2018	December 31, 2017
REVENUES AND OTHER SUPPORT		
Offset project revenue	$ 2,490,539	$ 5,532,900
Offset fee revenue	665,958	1,048,718
Other contract revenue	5,000	56,017
Contributions and grants	446,869	401,525
In-kind donations	86,071	157,180
Investment income, net of expenses	395,875	327,612
Gain on sale of fixed assets	161	-
Total revenues and other support	4,090,473	7,523,952
EXPENSES		
Program services	3,440,523	6,533,226
Management and general	606,973	764,365
Total expenses	4,047,496	7,297,591
INCOME FROM OPERATIONS	42,977	226,361
REALIZED & UNREALIZED GAIN ON INVESTMENTS	41,029	1,864,766
CHANGE IN NET ASSETS	84,006	2,091,127
NET ASSETS, beginning of year	3,813,995	1,722,868
NET ASSETS, end of year	$ 3,898,001	$ 3,813,995

Consolidated Statements of Functional Expenses
(With Comparative Totals for the Year ended December 31, 2017)

	Program Services	Management and General	Total 2018	Total 2017
Salaries	$ 599,822	$ 300,728	$ 900,550	$ 1,219,641
Payroll taxes	34,462	23,948	58,410	92,576
Employee benefits	98,777	68,642	167,419	233,919
Offset contracts	1,958,447	-	1,958,447	5,083,903
Professional services	421,041	140,347	561,388	344,338
Occupancy	42,608	29,609	72,217	67,782
Office expenses	97,123	32,374	129,497	61,764
Interest expense	160,904	-	160,904	102,220
Meetings, conferences, and training	3,596	5,731	9,327	6,392
Travel	23,743	5,196	28,939	56,556
Miscellaneous	-	-	-	27,970
Depreciation	-	398	398	530
	$ 3,440,523	$ 606,973	$ 4,047,496	$ 7,297,591

See accompanying notes.

The Climate Trust and Subsidiaries
Consolidated Statements of Cash Flows

	December 31, 2018	December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 84,006	$ 2,091,127
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	398	530
Net realized/unrealized gain on investments	(41,029)	(1,864,766)
Gain on sale of fixed assets	(161)	-
(Increase) decrease in:		
Accounts, grants, and contracts receivable	90,395	(4,645)
Prepaid expenses and deposits	15,355	(3,205)
Prepaid offset purchases	171,353	309,367
Sale (purchase) of carbon offset inventory	(78,762)	1,344,720
Accounts payable and accrued expenses	(175,597)	26,510
Unearned offset revenue	623,029	(1,993,586)
Net cash provided by (used in) operating activities	688,987	(93,948)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(21,846,796)	(4,507)
Proceeds from sale of investments	25,307,438	1,631,568
Investment in pilot projects	(1,616,061)	(2,735,931)
Proceeds from sale of fixed assets	1,000	-
Net cash provided by (used in) investing activities	1,845,581	(1,108,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	748,081	383,214
Payments on line of credit	(3,558,568)	(1,300,000)
Proceeds from loan payable – pilot projects	2,310,000	2,909,606
Net cash provided by (used in) financing activities	(500,487)	1,992,820
CHANGE IN CASH AND CASH EQUIVALENTS	2,034,081	790,002
CASH AND CASH EQUIVALENTS, beginning of year	4,744,698	3,954,696
CASH AND CASH EQUIVALENTS, end of year	$ 6,778,779	$ 4,744,698
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 160,904	$ 102,220

See accompanying notes.

Note 1 – Description of Organization

Oregon Climate Trust (OCT) was originally formed in 1997. On August 4th, 2016 OCT formed a wholly owned subsidiary, Climate Trust Capital LLC to serve as the management company (the “Management Company”) to administer a limited partnership carbon investment pilot fund (“Fund I”). The Management Company entered into agreements with Climate Trust Capital Fund I GP, LLC and Climate Trust Capital Fund I, LP (collectively, Climate Trust Capital, “CTC”). OCT is the sole member of the Management Company. The Management Company is the sole member of Climate Trust Capital Fund I GP, LLC. Climate Trust Capital Fund I GP, LLC is the general partner in Climate Trust Capital Fund I, LP. Fund I is structured to receive program-related investment loan proceeds from The David and Lucile Packard Foundation (See Note 10) and operates in accordance with OCT’s exempt purpose. During 2018 and 2017, CTC received loan proceeds and invested funds in five carbon investment Fund I pilot projects.

OCT’s and CTC’s (collectively, The Climate Trust and Subsidiary, “TCT’, or the Organization) mission is to mobilize conservation finance to maximize environmental returns.

TCT develops resources, programs and project portfolios to reduce, eliminate, sequester, or avoid carbon dioxide equivalents emissions. TCT acts on behalf of utilities, corporations, government agencies and private entities to stimulate, support and finance the supply of greenhouse gas emission reductions based on regulatory requirements and voluntary climate change commitments.

TCT receives funds from the management of regulatory carbon offset programs, voluntary carbon offset acquisition programs and the sale of voluntary and California compliance offsets to third-party corporate buyers. As a result, TCT evaluates, implements, finances, monitors and administers contracts with third parties that produce measurable and verifiable greenhouse gas reductions or “carbon offsets”. Carbon offset contracts are awarded to other entities in accordance with the mission of TCT which also receives contributions and earned revenue from both public and private entities.

The Organization’s track record is based on over two decades of experience developing and managing carbon offset projects. TCT invests and engages in the early stages of project development, when owners are seeking to reduce risk and need operational expertise to ensure their carbon projects are successful. TCT’s carbon offset project development expertise and support for climate mitigation policies has encouraged mission-aligned partners to enter the carbon markets.

Offset funds and definitions

Offset funds – If a power facility elects to use the monetary path for compliance, the amount of emission reduction needed to meet the CO2 Standard is factored to calculate the amount of offset funds the certificate holder must provide to a “qualified organization,” TCT in this case. TCT is to use 80% of the offset funds to "contract for the implementation of offsets directly".

Note 1 – Description of Organization (continued)

Obligated – Offset funds that are committed to meet a future payable for offsets via an Emission Reduction Purchase Agreement (ERPA).

Unobligated – Offset funds that are not yet committed to meet a future payable.

Deobligated – Offset funds that were committed via an ERPA, but due to ERPA under-performance or non-performance, are reallocated to an unobligated status.

Retirement – The act of declaring the receipt of Verified Emission Reductions (offsets) as retired for perpetuity on TCT's Carbon Registry so that they cannot be double counted.

Note 2 – Summary of Significant Accounting Policies

Principles of consolidation – The consolidated financial statements include the accounts of Oregon Climate Trust and Climate Trust Capital. All intercompany transactions and balances have been eliminated.

Basis of accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) in the United States of America.

Basis of presentation – Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as without donor restrictions or net assets with donor restrictions. Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Net assets with donor restrictions are subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. There were no net assets with donor restrictions as of December 31, 2018 and 2017.

Cash and cash equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents include restricted cash required to be held in separate bank accounts which totaled $4,346,874 and $3,602,650, respectively, at December 31, 2018 and 2017. These restricted cash accounts are pledged as security to the funder for performance of contractual obligations. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments.

Investments – Investments are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts, grants and contracts receivable – Accounts receivable are unsecured and reported at the amount management expects to collect on balances outstanding at year-end. Management's policy regarding write offs of receivable balances is to review subsequent collections in order to determine if an allowance is necessary. The organization also receives grants and contracts from federal agencies and private foundations. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be insignificant, and thus no allowance has been recorded.

Prepaid offset purchases – Prepaid offset purchases represent payments to suppliers for carbon credits to be delivered in future periods. Management has evaluated the financial stability and past performance history of such suppliers, and has recorded prepaid balances from three suppliers that meet its criteria.

Carbon offset inventory – Carbon offset inventory represents offsets transferred to TCT upon receipt of payment. Offsets may be utilized to provide utilities and other companies access to quality carbon credits. Offset inventory is recorded at the lower of cost or net realizable value. Cost is determined using the specific identification method.

Investment in pilot projects – Investment in pilot projects represents revenue sharing joint ventures with five projects funded with loan proceeds in 2018 under a Credit Agreement with The David and Lucile Packard Foundation (the Foundation) and an additional two funded subsequent to year end (See Note 18). The funds were deployed for program related investments with the project owners for the pre-purchase of carbon credits from forestry, livestock digester and grassland conservation projects (See Note 10). The joint venture investments are secured by carbon credits to be produced in future years. Management has evaluated the financial stability of the project owners and provided due diligence documentation to the Foundation prior to the disbursement of the loan funds, and has determined no impairment has occurred.

The Organization has entered into a carbon finance investment agreement with each project owner that provides 100% of carbon credits produced will be transferred to the Organization until Net Revenue (as defined by the agreement) equals the investment amount. Subsequently, the Net Revenue will be shared equally with the project owner until the agreement terminates after the 10 year crediting period expires.

Revenue recognition – Offset project funds received but not yet obligated are recorded as unearned offset revenue. Offset project revenue is recognized when contracted carbon offsets are acquired and retired. Revenues associated with the purchase and sale of carbon offsets are recorded when the title passes.

Offset project and fee revenues are recognized as revenue as selection, contracting and management services are performed. Fixed-fee management contract revenues are recognized using the percentage of completion method of accounting. Percentage of completion is determined by estimating expected total effort percentages by year and applying such percentages to the total contractual fee revenue amount. Offset fee revenues received but not yet earned are recorded as unearned offset fee revenue. Other service revenues are recognized at the time services are provided.

Note 2 – Summary of Significant Accounting Policies (continued)

Contributions and grants – Contributions and grants, including unconditional promises to give, are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

In-kind support – In-kind support consists primarily of discounts on services for professionals and is recorded at fair value on date of donation.

Income taxes – OCT is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as OCT has no activities subject to unrelated business income tax. OCT is not a private foundation.

OCT recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. OCT recognizes interest and penalties related to income tax matters, if any, in administrative expense.

OCT had no unrecognized tax benefits at December 31, 2018 or 2017. No interest and penalties were accrued for the years ended December 31, 2018 or 2017. OCT files an exempt organization return in the U.S. federal jurisdiction.

The CTC's are single member limited liability corporations or limited partnerships with no limited partners, all controlled by OCT and considered disregarded entities for tax purposes.

Expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates – The preparation of consolidated financial statements is 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 and 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.

Recently adopted standards

As of December 31, 2018, TCT adopted Accounting Standards Update No. 2016-14 – Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the

Note 2 – Summary of Significant Accounting Policies (continued)

previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions.

The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and function classification.

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

Subsequent events – Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are available to be issued. TCT recognizes in the consolidated financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. TCT's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements are available to be issued. See Note 18. TCT has evaluated subsequent events through April 22, 2019, which is the date the consolidated financial statements were available to be issued.

Note 3 – Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 TCT's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Note 4 – Liquidity

As of December 31, 2018, financial assets and liquidity resources, without restrictions on limiting their use, available within one year for general expenditure, such as operating expenses, scheduled principal payments, and project development costs not financed with debt, were as follows:

Cash and cash equivalents	$ 1,932,958
Carbon offset inventories	2,262,500
Total financial assets available within one year	$ 4,195,458

Note 4 – Liquidity (continued)

The Organization's Board Reserve Policy historically requires, at a minimum, cash on hand equal to 3 months of operating expenses. The Organization's cash flows have seasonal variations during the year attributable to the timing of payment for and delivery of carbon offset credits. Carbon offset inventory, unobligated to a specific program, may be transacted to generate income for operating expenditures.

Note 5 – Investments

Investments are valued at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is also shown in the statement of activities. Interest income is accrued as earned.

In order to present comparable operating results of the Organization's ongoing endeavors, the statement of activities presents the net realized/unrealized gain (loss) on investments separate from operating activities.

Total investment return consists of the following components:

	December 31,	
	2018	2017
Operating:		
Investment income	$ 493,510	$ 477,333
Investment fees	(97,635)	(149,721)
	395,875	327,612
Nonoperating:		
Net realized/unrealized gain	41,029	1,864,766
Total investment return	$ 436,904	$ 2,192,378

Note 6 – Unearned Offset Revenue

The Organization has entered into several long-term purchase agreements for the supply and purchase of carbon offset credits each year. Purchase commitments under these arrangements are included in the unearned offset revenue balance of $22,956,407 and were as follows at December 31, 2018:

Note 6 – Unearned Offset Revenue (continued)

Year Ended December 31,	2019	$ 4,015,901
	2020	2,778,511
	2021	1,712,313
	2022	1,272,901
	2023	1,708,061
	Thereafter	5,465,498
		$ 16,953,185

Note 7 – Concentration of Revenue

For 2018, carbon offset revenues from four contracts represented 50% of total revenue. For 2017, carbon offset project revenues from two contracts represented 57% of total revenue.

Note 8 – Line of Credit

TCT had a $500,000 line of credit from Beneficial State Bank with interest payable monthly at the bank's prime rate less .25% (5.25% at December 31, 2018). The line matured in January 2019 and was secured by a $500,000 certificate of deposit and was subject to certain nonfinancial covenants. Advances outstanding on the line were $100,020 and $0 at December 31, 2018 and 2017, respectively. The line was paid in full in early 2019 and TCT has opted not to renew. Other funding options are being explored and no agreement has been finalized as of the date of these financial statements.

TCT had an $11,965,000 line of credit from UBS Bank USA with interest payable at the 30 day LIBOR rate plus 1.75% (4.25% at December 31, 2018). The line was due on demand and secured by certain UBS Investment account balances. Advances outstanding on the line were $6,994 and $2,917,501 at December 31, 2018 and 2017, respectively. The line was paid in full in early 2019 and subsequently closed. Other funding options are being explored and no agreement has been finalized as of the date of these financial statements.

Note 9 – CTC Credit and Put Option Agreements

On September 7, 2016, Fund I entered into a $2,750,004 maximum Put Option as a requirement of the Credit Agreement with The David and Lucile Packard Foundation. The Put Option gives Fund I the right, but not the obligation, to sell up to $2,750,004 of credits to Oregon Climate Trust over the life of the Credit Agreement. As of December 31, 2017, $2,750,004 was obligated to the Put Option through an internal accounting entry within the Unearned Offset Revenue account, which reclassified the $2,750,004 from the unobligated category to the obligated category. Because both the unobligated and obligated categories are in Unearned Offset Revenue, there was no net effect on this account. During 2018, there was no activity and $2,750,004 remained in the obligated category.

Note 10 – Loan Payable – Pilot Projects

On October 10, 2016, CTC executed a Credit Agreement with the David and Lucile Packard Foundation for consideration of loan proceeds up to $5,500,000. Interest is payable quarterly and accrues on the outstanding principal balance at a rate equal to 1.0% per annum, simple interest. Principal payments begin twenty-four months after the first draw on the loan. During 2018, CTC received loan proceeds and invested funds in one carbon investment Fund I pilot project; CTC had four similar transactions in 2017. As of December 31, 2018, $5,219,606 was outstanding under the Credit Agreement of which $4,351,992 was distributed to the project owners for the pre-purchase of carbon offset credits. The difference between the amount of the loan and the amount deployed is held in a CTC cash account and utilized for the costs associated with development of the carbon credits.

The quarterly principal payments are based upon net cash received from the sale of carbon credits, with minimum cumulative payments to be met as follows:

Percent of Total Advances	Due By
18%	May 2021
36%	May 2023
82%	May 2025

The remaining balance outstanding is due in full in May of 2026.

Note 11 – EPAF Credit and Put Option Agreement

On August 1, 2017, Oregon Climate Trust entered into a grant agreement with the United States Department of Agriculture to pilot the Environmental Price Assurance Facility (EPAF), an internal set-aside designation of funds within TCT. The EPAF will essentially establish a carbon price floor through an auction process whereby the winning bidders will hold a put option that will give them the right but not the obligation to sell offsets to the Oregon Climate Trust. The grant agreement requires Oregon Climate Trust to segregate a certain amount to purchase offsets through put option agreements entered under the EPAF. During 2017, $2,000,000 was obligated to the put option through an internal accounting entry within the Unearned Offset Revenue account, which reclassified the $2,000,000 from the unobligated category to the obligated category. Because both the unobligated and obligated categories are in Unearned Offset Revenue, there was no net effect on this account. During 2018, there was no activity and $2,000,000 remained in the obligated category.

Note 12 – Lease Commitment

TCT leases office space under lease agreements through December 31, 2023. Monthly rent is $5,199 and increases annually. Lease expense for the years ended December 31, 2018 and 2017 was $74,535 and $67,782, respectively.

Note 12 – Lease Commitment (continued)

Future annual minimum lease payments under this agreement are as follows:

Year Ended December 31,	2019	$	60,879
	2020		61,020
	2021		62,006
	2022		63,435
	2023		64,907
		$	312,247

Note 13 – Retirement Plan

TCT has a defined contribution 401(k) plan covering all eligible employees. The Organization makes contributions to the plan up to 4% of all eligible participants' compensation. Contributions to the plan for 2018 and 2017 were $28,061 and $40,873, respectively.

Note 14 – Concentrations of Credit Risk

The Organization's cash accounts are maintained in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each institution. Balances in excess of insured limits were approximately $6,278,779 and $4,331,400 as of December 31, 2018 and 2017, respectively. Uninsured balances at December 31, 2018 and 2017 included $1,171 and $350,600, respectively, in cash balances held in investment brokerage accounts. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position. TCT's investment return, utilizing fixed income securities, is exposed to interest rate changes.

Note 15 – Commitments and Contingencies

TCT has commitments under various carbon offset and other contracts whereby additional payments or receipts are due contingent upon the companies or TCT fulfilling certain obligations. Due to the uncertain nature of these commitments, future anticipated payments and receipts are not determinable and are not reported in the accompanying consolidated financial statements.

Note 16 – Related Party Disclosure

The Oregon Carbon Dioxide Standard (the Standard) requires energy facilities to demonstrate compliance by entering into a Memorandum of Understanding with the Organization. As a matter of regular business, TCT has received funding under the Standard that involve organizations in which two Board Members are employees. TCT's conflict of interest policy requires that all Board Members disclose potential conflicts and refrain from voting on any actions that pose a possible or actual conflict of interest.

Note 17 – Fair Value Measurements

Assets and liabilities recorded at fair value in the consolidated statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available.

TCT used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements:

Investments – Investments are comprised of cash and cash equivalents, U.S. equities, and fixed income investments. Investments fair values are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Note 17 – Fair Value Measurements (continued)

There were no changes in the valuation methodologies or assumptions used by TCT for the years ended December 31, 2018 or 2017. Fair values of assets measured on a recurring basis at December 31, 2018 and 2017 were as follows:

2018	Fair Value	Level 1	Level 2
Cash and cash equivalents	$ 1,171	$ 1,171	$ -
U.S. equities	1,424	1,424	-
Fixed income securities:			
Corporate	17,560,340	-	17,560,340
	$ 17,562,935	$ 2,595	$ 17,560,340

2017	Fair Value	Level 1	Level 2
Cash and cash equivalents	$ 415,649	$ 415,649	$ -
International equities	3,193,282	3,193,282	-
U.S. equities	6,349,228	6,349,228	-
Fixed income securities:			
Corporate	4,915,354	-	4,915,354
Municipal	2,044,895	-	2,044,895
Treasuries	3,644,793	-	3,644,793
Asset-backed	419,348	-	419,348
	$ 20,982,549	$ 9,958,159	$ 11,024,390

Fair values for equities and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for investments in fixed income securities are provided primarily by custodians and are based on pricing models that incorporate available trade, bid and other market information.

Note 18 – Subsequent Event

Subsequent to year end, the Company funded the last two projects under the David and Lucile Packard Foundation loan and closed Fund I. The Company executed contracts in May of 2018 with a condition precedent of the counterparty executing a conservation easement with the land owner of each project site. As this condition was met in December of 2018 for both projects, funds in the amount of $264,244 were disbursed on January 17, 2019 therefore closing Fund I.

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