

CRESTED BUTTE LAND TRUST

FINANCIAL STATEMENTS

JUNE 30, 2019

CRESTED BUTTE LAND TRUST

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1987 Wadsworth Blvd., Suite A
Lakewood, Colorado 80214



Phone: 303.988.5648
Fax: 303.988.5919

www.mcnurlincpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Crested Butte Land Trust
Crested Butte, Colorado

We have audited the accompanying financial statements of Crested Butte Land Trust (the "Land Trust") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Land Trust's preparation and fair presentation of the 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 Land Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of Crested Butte Land Trust as of June 30, 2019, 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.

McNurlin, Hitchcock & Associates, P.C.

McNurlin, Hitchcock & Associates, P.C.
Lakewood, Colorado
December 19, 2019

CRESTED BUTTE LAND TRUST

Statement of Financial Position

June 30, 2019

	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 349,350	\$ 438,281	\$ 787,631
Certificates of deposit (See Note 5)	249,317	-	249,317
Pledges and grants receivables, current portion	142,045	1,545,000	1,687,045
Prepaid expenses	5,954	-	5,954
Inventory	113	-	113
Total Current Assets	<u>746,779</u>	<u>1,983,281</u>	<u>2,730,060</u>
Other Assets			
Pledges and grants receivables, non-current portion	37,646	130,000	167,646
Fixed assets, net (See Note 3)	521,460	-	521,460
Trade lands (See Note 9)	3,051,858	-	3,051,858
Other deposits	2,700	-	2,700
Total Other Assets	<u>3,613,664</u>	<u>130,000</u>	<u>3,743,664</u>
TOTAL ASSETS	<u>\$ 4,360,443</u>	<u>\$ 2,113,281</u>	<u>\$ 6,473,724</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities			
Accrued liabilities	\$ 28,990	\$ -	\$ 28,990
Accrued payroll liabilities	14,449	-	14,449
Deferred income	41,567	-	41,567
Line of credit (See Note 6)	-	-	-
Total Current Liabilities	<u>85,006</u>	<u>-</u>	<u>85,006</u>
Net Assets			
Unrestricted			
Undesignated	3,209,114	-	3,209,114
Board designated Stewardship Fund (See Note 15)	572,169	-	572,169
Board designated Opportunity Fund (See Note 15)	494,154	-	494,154
Donor restricted	-	2,113,281	2,113,281
Total Net Assets	<u>4,275,437</u>	<u>2,113,281</u>	<u>6,388,718</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,360,443</u>	<u>\$ 2,113,281</u>	<u>\$ 6,473,724</u>

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE LAND TRUST

Statement of Activities

For the Year Ended June 30, 2019

	<u>Unrestricted</u>	<u>Donor Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants	\$ 231,000	\$ 1,805,000	\$ 2,036,000
Contributions	193,325	289,126	482,451
In-kind donations	17,018	-	17,018
Special events and merchandise	65,320	-	65,320
Interest income	10,861	-	10,861
Other income	29,055	-	29,055
Net assets released from restrictions	338,816	(338,816)	-
	<u>885,395</u>	<u>1,755,310</u>	<u>2,640,705</u>
TOTAL SUPPORT AND REVENUE			
	885,395	1,755,310	2,640,705
EXPENSES			
Program services	520,774	-	520,774
Support services:			
General and administrative	70,725	-	70,725
Fundraising	32,062	-	32,062
	<u>623,561</u>	<u>-</u>	<u>623,561</u>
TOTAL EXPENSES			
	623,561	-	623,561
CHANGE IN NET ASSETS	261,834	1,755,310	2,017,144
NET ASSETS, Beginning of the year (Restated - See Note 18)	<u>4,013,603</u>	<u>357,971</u>	<u>4,371,574</u>
NET ASSETS, End of the year	<u>\$ 4,275,437</u>	<u>\$ 2,113,281</u>	<u>\$ 6,388,718</u>

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE LAND TRUST

Statement of Functional Expenses

For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 14,841	\$ 8,904	\$ 9,234	\$ 32,979
Bank and merchant fees	8,581	-	-	8,581
Conferences and meetings	3,586	489	-	4,075
Depreciation and amortization	-	13,708	-	13,708
Direct mail	4,768	2,860	2,967	10,595
Dues and subscriptions	4,426	603	-	5,029
Employee benefits	9,422	750	535	10,707
General stewardship	53,393	-	-	53,393
Insurance	6,125	5,012	-	11,137
Interest	14,983	-	-	14,983
Occupancy	9,608	764	546	10,918
Payroll taxes	17,692	1,408	1,005	20,105
Professional fees	72,324	5,753	4,109	82,186
Real estate taxes	2,831	-	-	2,831
Rental and maintenance of equipment	8,679	691	493	9,863
Salaries and wages	227,041	18,060	12,900	258,001
Special events and merchandise	57,664	-	-	57,664
Supplies	1,852	147	105	2,104
Telephone	2,958	235	168	3,361
Travel and lodging	-	11,341	-	11,341
	<u>\$ 520,774</u>	<u>\$ 70,725</u>	<u>\$ 32,062</u>	<u>\$ 623,561</u>

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE LAND TRUST

Statement of Cash Flows

For the Year Ended June 30, 2019

	Unrestricted	Donor Restricted	Total
CASH FLOW FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 261,834	\$ 1,755,310	\$ 2,017,144
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:			
Depreciation and amortization	13,708	-	13,708
(Increase) decrease in assets:			
Pledges and grants receivables	243,792	(1,420,000)	(1,176,208)
Prepaid expenses	(5,954)	-	(5,954)
Inventory	484	-	484
Increase (decrease) in assets:			
Accrued liabilities	5,923	-	5,923
Accrued payroll liabilities	(605)	-	(605)
Deferred income	7,867	-	7,867
NET CASH PROVIDED BY OPERATING ACTIVITIES	527,049	335,310	862,359
CASH FLOW FROM INVESTING ACTIVITIES:			
Certificates of deposit	50,105	94,866	144,971
Fixed asset additions	(379,425)	-	(379,425)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(329,320)	94,866	(234,454)
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayments on line of credit	(510,781)	-	(510,781)
Draws on line of credit	330,364	-	330,364
NET CASH USED IN FINANCING ACTIVITIES	(180,417)	-	(180,417)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,312	430,176	447,488
CASH AND CASH EQUIVALENTS, Beginning of the year	332,038	8,105	340,143
CASH AND CASH EQUIVALENTS, End of the year	\$ 349,350	\$ 438,281	\$ 787,631
SUPPLEMENTAL DISCLOSURE:			
Cash paid for interest			\$ 14,983
Cash paid for income taxes			\$ -

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 1 NATURE OF OPERATIONS

The Crested Butte Land Trust (the “Land Trust”) is a not-for-profit organization whose purpose is to preserve Gunnison County’s unique heritage and quality of life by forever protecting open lands for vistas, recreation, wildlife and ranching. The Land Trust accomplishes this mission by acquiring interest in real property and conservation easements, educating landowners and stewarding conservation lands.

The Land Trust was formed in 1991 and is located in Crested Butte, Colorado. The trade lands, conservation lands and conservation easements held by the Land Trust are located in Gunnison County, Colorado.

NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated subsequent events and transactions for potential required recognition or disclosure through the date on the audit report.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update No. 2016-14 (ASU 2016-14), Presentation of Financial Statements of Not-for-Profit Entities. This updated guidance changes presentation and disclosure requirements for not-for-profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This guidance includes qualitative and quantitative requirements in the following areas: 1) net asset classes, 2) investment returns, 3) expenses, 4) liquidity and availability of resources, and 5) presentation of operating cash flows. This standard is effective for annual reporting periods beginning after December 15, 2017 and has been adopted by the Land Trust in the year ending June 30, 2019.

See accompanying independent auditors’ report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The Land Trust follows the recommendation of the Financial Accounting Standards Board (FASB) standards of accounting and financial reporting for not-for-profit organizations. Under Accounting Standards Codification 958 (ASC 958) *Not-for-Profit Entities*, the Land Trust is required to report information regarding its net assets, and revenues, expenses, gains, and losses based upon the existence and/or nature of any donor-imposed restrictions. Accordingly, the Land Trust reports net assets and activities using the following two classes of net assets:

Unrestricted – Resources over which the board of directors has discretionary control.

Donor Restricted – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Land Trust, the passage of time, or both.

The Land Trust had unrestricted and donor-restricted restricted net assets during the year ended June 30, 2019.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all time and demand deposits and money market accounts with a maturity of three months or less when purchased. The carrying value of cash and cash equivalents approximates the fair value.

Pledges and Grants Receivables

Pledges and grants receivable consist of both unconditional and temporarily restricted amounts due from local agencies and individual donors. The Land Trust records pledges and grants receivable as current if they are expected to be received in less than one year from June 30, 2019.

The Land Trust reviews pledges receivable periodically for collectability and establishes an allowance for doubtful pledges and records bad debt expense when deemed necessary. At June 30, 2019, management determined that an allowance for doubtful pledges receivable was not necessary.

Fixed Assets, Net

Fixed assets are presented net of accumulated depreciation on the Statement of Financial Position. Purchased fixed assets are recorded at cost. Donated fixed assets are recorded at their estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. At June 30, 2019, fixed assets, net, consists of:

<u>Description</u>	<u>Useful Life</u>	<u>Acquisition Year</u>	<u>Amount</u>
Building	27.5	2007	\$ 207,650
Gunsight bridge	50	2019	413,707
Less: accumulated depreciation			(99,897)
Fixed assets, net			<u>\$ 521,460</u>

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Deposits

Other deposits represent earnest money deposited on a potential acquisition property.

Contributions

Pledges are recorded when committed and recognized as contributions in the period in which the pledge is received from the donor, except when the donor specifies restrictive conditions that cannot be met in the current period. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Grants from various sources are recognized as contributions when committed by the donor or when reimbursable expenses are incurred subject to a contract with a donor.

Contributed Services

Donated services are recognized as contributions in accordance with accounting standards at their estimated fair value if the services (a) create or enhance the Land Trust's non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The value of these contributions and services are recorded as support and expense in the period in which the contributions are received or services are performed.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When the restriction expires, net assets are reclassified to unrestricted net assets.

Merchandise Sales Revenue

From time to time, the Land Trust sells certain merchandise, primarily calendars. Proceeds are used to support the Land Trust's operations. Revenue is recognized when the patron takes possession of the merchandise.

Advertising Costs

Advertising costs are expensed as incurred. The Land Trust uses advertising to promote its conservation program. During the year ended June 30, 2019, advertising costs totaled \$32,979.

Land and Land Interests

Land and land interests owned by the Land Trust fall into the following categories:

Trade Lands – properties held that are, or could be, protected and/or used as a pecuniary tool in order to provide leverage for the Land Trust to carry out its conservation work. Trade lands are recorded at cost if purchased or at fair value at the date of donation, if the land was received as a donation. Fair value is generally determined by independent appraisal. Upon sale or donation by the Land Trust, the cost of trade lands is removed as an asset from the statement of financial position and reported as a program expense. The related proceeds, if any, are reported as revenue in the statement of activities.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land and Land Interests (Continued)

Conservation Lands – properties owned by the Land Trust that have significant ecological value. These properties are managed in an effort to protect the natural biological diversity of the property. Conservation lands are lands held for furtherance of the Land Trust’s conservation mission rather than for financial gain. These properties are protected, may be encumbered by easements, are cared for and preserved, and are subject to the Land Trust’s policy that requires the proceeds from any sale of these lands to be used to acquire other conservation land or land interests.

The management of the Land Trust believes that its conservation lands meet the definition of a “Collection”, as defined in the accounting guidance, and has adopted a policy of not capitalizing collection items. As such, conservation land acquired through purchase, or contribution, is not recognized as an asset on the statement of financial position. Purchases of conservation land are recorded as decreases in unrestricted net assets in the year in which the land is acquired, or as a decrease in temporarily or permanently restricted net assets if the assets used to purchase the land is restricted by donors. Improvements to conservation lands are accounted for in the same way as purchases and contributions. Contributions of conservation land are not reflected on the financial statements. Proceeds from the sale of conservation land are recognized as increases in the appropriate net asset classes.

Conservation Easements – listed rights and/or restrictions over the owned property that are conveyed by a property owner to the Land Trust, in perpetuity, in order to protect the owned property as a significant natural area, as defined in federal regulations. Property encumbered by conservation easements may be sold or transferred to others so long as the assignee agrees to carry out in perpetuity, the conservation purposes intended by the original grantor. All costs associated with the acquisition of conservation easements are expensed to program expense on the statement of activities. Donations of conservation easements are not recognized, as the value an easement donor is able to deduct for income tax purposes is not the value available to a recipient conservancy organization.

The Land Trust’s management assesses the carrying value of its long-lived assets for impairment when circumstances warrant such a review. If management determines that impairment has occurred, a loss is recognized based on the difference between the assets’ carrying values over their estimated fair values.

NOTE 4 INCOME TAXES

The Land Trust is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under regulations in the State of Colorado. Therefore, the Land Trust is not subject to federal or state income taxes in connection with its exempt activities. In addition, the Land Trust is treated as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the year ended June 30, 2019.

See accompanying independent auditors’ report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 4 INCOME TAXES (Continued)

The standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Land Trust may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Land Trust and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2019.

NOTE 5 CERTIFICATES OF DEPOSIT

Investments at June 30, 2019 consist of certificates of deposit with TD Ameritrade, in the amount of \$249,317. The investments are as follows:

<u>Investment Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>	<u>Cost</u>
American Express Bank FSB	2.10%	9/20/2021	\$ 49,711	\$ 50,000
Barclays Bank Delaware	1.70%	9/20/2019	49,938	50,000
Barclays Bank Delaware	2.30%	10/18/2022	49,920	50,000
Capital One NA	1.85%	10/18/2022	49,799	50,000
Morgan Stanley PVT	1.75%	9/3/2019	49,950	50,000
			<u>\$ 249,317</u>	<u>\$ 250,000</u>

Interest income of \$10,861 is from investments and money market accounts for the year ended June 30, 2019. Interest income earned on these certificates of deposit is board designated for the Stewardship Fund.

NOTE 6 LINE OF CREDIT

On December 18, 2017, the Land Trust entered into a line of credit with a bank with a maximum borrowing limit of \$600,000 at a variable interest rate of Wall Street Journal Prime plus 1%, adjusting annually. The line of credit was renewed on February 26, 2019 and has a maturity date of January 18, 2021. The loan is collateralized by real property owned by the Land Trust. The line of credit must be paid off for a period of at least 30 days at some point during the year and requires outstanding interest payments on a monthly basis. The use of the line of credit in conjunction with the Opportunity Fund allows the Land Trust to reduce interest paid and gives the Land Trust flexibility in relation to land transactions. At June 30, 2019, the line of credit had no outstanding balance.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 7 NET ASSETS

Unrestricted net assets consist of support and revenue derived from unrestricted contributions, investment income, and other inflows of assets whose use is not limited by donor-imposed restrictions. Certain unrestricted net assets have been designated by the Board of Directors to be maintained as endowment funds.

Donor restricted by time or purpose net assets consist of contributions whose use by the Land Trust is limited by donor-imposed stipulations. At June 30, 2019, the Land Trust had time or purpose donor restricted net assets:

BLM Gunsight Bridge Management	\$	7,105
Permanently restricted net assets		86,900
Long Lake project		2,019,276
Donor Restricted Net Assets	\$	<u>2,113,281</u>

Donor restricted net assets released from restriction for the year ending June 30, 2019 consist of the following:

Slate River Working Group	\$	1,966
Baxter Gulch		3,000
Gunsight Bridge project		329,850
BLM Gunsight Bridge Management		1,000
Other projects		3,000
Net Assets Released from Restriction	\$	<u>338,816</u>

Donor restricted net assets that are perpetual consist of contributions from Great Outdoors Colorado for stewardship on specific conservation lands. Great Outdoors Colorado imposed stipulations on these funds where the investment income, if any, can be used for the costs associated with the stewardship of the specific conservation lands, but the principal shall be maintained in perpetuity. At June 30, 2019, the Land Trust had permanently restricted net assets of \$86,900.

NOTE 8 FUNCTIONAL CLASSIFICATION OF EXPENSES

The Land Trust accounts for its expenditures in the following categories: program services, general and administrative, and fundraising. Program expenses relate to the broad spectrum of activities and actions critical to advancing the Land Trust's purpose of protecting and preserving open space.

Expenditures related to understanding, monitoring, acquiring, stewarding and managing natural areas owned by the Land Trust are included as program expenditures. General and administrative expenditures relate to building and maintaining an efficient business infrastructure, including those related to corporate governance, and to support and advance the programmatic conservation objective of the Land Trust. Fundraising expenditures relate to fund-raising strategies that provide revenue streams for both operations and capital needs to further the accomplishment of the Land Trust's mission and objectives.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 9 TRADE LANDS

The Land Trust holds the following trade lands as of June 30, 2019:

<u>Trade Land</u>	<u>Purchase price</u>
Easement Acquisition	\$ 34
Confluence Allen	50,000
Confluence Eccher/Miller	47,500
Confluence Ochs Brothers	103,000
Confluence Robbins	50,000
Confluence Silka	50,000
Confluence Zeligman	270,000
Glacier Lily	150,967
Kikel A	500,000
Niccoli Ranch	450,000
Schofield 5 TPL Donation	145,000
Schofield 522 Lots	490,000
Schofield Kasic	10,000
Schofield Kennel	12,000
Schofield Klingsmith	9,512
Schofield Rock Creek Tax Sale	540
Washington Gulch	181,250
Schofield Land	3,076
Copley Lake	89,313
New Discovery Lode	7,687
Colonel's House	431,979
Total Trade Lands	<u>\$ 3,051,858</u>

NOTE 10 LONG LAKE PROJECT

At June 30, 2019, the Land Trust was in the process of initiating a federal land exchange for a 120-acre National Forest property called Long Lake. The Land Trust had received cash and pledges totaling \$2,108,131. The Land Trust will pay \$2,915,000 for the Fossil Ridge property which will be traded, along with the Copley Lake trade parcel for Land Trust ownership of the Long Lake property. The Land Trust believes these transactions will take place in December of 2019.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 11 CONSERVATION LANDS

The Land Trust holds the following conservation lands as of June 30, 2019:

<u>Conservation Land</u>	<u>Date acquired</u>	<u>Purchase price</u>
Slate River Wetlands	January 1996	\$ 159,284
Peanut Lake	June 1996	300,302
Robinson	January 1998	380,000
Lower Loop 1	March 1998	425,260
Lower Loop 2	August 1999	1,300,651
Gallin	December 1999	275,000
Schofield 2	December 2001	8,000
Gunsight	January 2003	775,312
Utley	March 2003	605,000
Schofield 3	October 2003	96,220
Kikel B	May 2007	1,327,189
Coralhouse	November 2013	741,390
Peanut Mine	August 2016	-
Total Conservation Lands		<u>\$ 6,393,608</u>

NOTE 12 CONSERVATION EASEMENTS

The Land Trust holds the following conservation easements as of June 30, 2019:

<u>Easement</u>	<u>Date Acquired</u>	<u>Total Acreage</u>
Irwin 1	December 1993	3.30
Confluence 1	August 1995	70.00
Riverbend 1	August 1996	15.16
Irwin 2	December 1996	6.60
Working Ranch 1	September 1997	184.57
Ridgeline Trail	April 1999	43.40
Working Ranch 2	November 2000	874.00
Nevada Ridge	December 2000	5.00
Pittsburg 1	September 2002	27.00
Baxter Gulch 1	December 2002	35.00
East River Wetlands	November 2003	19.77
Gothic 1	December 2003	6.96
Gunnison Riverbanks	December 2003	453.42
Slate River Valley 1	December 2003	35.00

(Continued)

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 12 CONSERVATION EASEMENTS (Continued)

<u>Easement</u>	<u>Date Acquired</u>	<u>Total Acreage</u>
Working Ranch 3	September 2004	318.65
Slate River Valley 2	December 2004	6.80
Gothic 2	June 2005	44.45
Baxter Gulch 2	December 2005	35.00
Gothic 3	December 2005	40.00
Slate River Valley 3	December 2005	35.00
Slate River Valley 4	December 2005	9.34
Ranch Reserve	December 2006	643.00
Trapper's Bench 1	December 2006	7.26
Trapper's Bench 2	December 2006	5.30
Slate River Valley 5	December 2007	35.09
Riverbend 2	December 2007	3.12
Pittsburg 2	December 2008	23.09
The Budd Trail	December 2009	0.09
Eve Kochevar Easement	March 2010	70.00
Eve Kochevar Trail	June 2010	Trail
Perimeter Trail	October 2010	Trail
Slate River Valley 6	December 2010	35.00
Kochevar Open Space	March 2011	280.21
Rozman Ranch	August 2011	150.00
Sunset Mining Claim	December 2011	8.30
Zeta Graham Easement	December 2012	184.40
North Pole Basin	June 2013	158.50
Kochevar Open Space	December 2013	43.80
Promontory Ranch	April 2015	107.23
Marble Basecamp	May 2016	46.75

NOTE 13 IN-KIND CONTRIBUTIONS

During the year ended June 30, 2019, the Land Trust recognized \$17,018 of in-kind contributions. The contributions were for legal fees of \$6,510, office rent of \$7,583 (included in Note 17, operating leases total rent expense), and advertising of \$2,925.

NOTE 14 CONTINGENCIES

In 2004, the Land Trust received a \$100,000 grant from the Gunnison County Land Preservation Board ("the Board") for the acquisition of certain conservation land. The grant agreement specifies that if the Land Trust sells the property, the Land Trust must reimburse the Board for its contribution.

In 1996, the Land Trust received a contribution of land with a fair value of approximately \$379,000 from Rocky Mountain Biological Laboratory ("RMBL"). The agreement, under which the property was contributed, specifies that if the Land Trust sells the property, one-half of the net proceeds from the sale must be paid to RMBL. As management has no current plan to sell either of these properties, these contingencies are deemed remote.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 15 BOARD DESIGNATED FUNDS

The Board of Directors have designated two funds, the Stewardship Fund and Opportunity Fund. The investment policy established by the Board for both designated funds is a combination of safety, growth and income, which places a primary emphasis on the safety of principal and may be accomplished by investment in money market funds, certificates of deposit, and mutual funds. At June 30, 2019, the portfolios are invested in certificates of deposit and money market funds. Inherent within all investment policies are fluctuating rates of return and the inherent volatility of the relevant markets. All income earned was reinvested in the funds and may be appropriated for expenditure at a future date.

The Board of Directors of the Land Trust determines amounts to be appropriated for expenditure from the Board-designated Endowment Fund according to the internal policies established by the Land Trust. Such policies allow the Land Trust to discretionarily allocate funds for expenditures relating to monitoring, managing and defending conservation easements and acquisitions held by the Land Trust. The fund covers the costs of future stewardship of protected properties, including but not limited to staff time, professional fees, documentation and reports, weed and erosion control, property and trail maintenance and signage, monitoring, site visits and other direct and indirect expenses. The principal may be invaded only for extraordinary stewardship and defense expenses or in the event of unusual circumstances, with a two-thirds (2/3) majority vote of the Board of Directors. Income earned by the fund may be used to fund current stewardship operations, but this is subject to the Land Trust's policy requirement that the fund grow by at least the rate of inflation.

Changes in the Board designated Stewardship Fund net assets for the year ended June 30, 2019 are as follows:

Net assets, beginning of year	\$ 545,689
Contributions - Gunsight Bridge Maintenance	17,500
Contribution for inflation adjustment	8,980
Net assets, end of year	<u>\$ 572,169</u>

The Land Trust has established a policy in relation to the allocation of funds in the Board-designated Opportunity Fund as follows:

Acquisitions	70%
Revolving activity	20%
Land protection	10%

The acquisition funds are available to support opportunities to increase trade lands, conservation lands and conservations easements including project costs, down payments, matching funds, etc. The revolving funds are available to front end the cost of projects before other funding is made available. The fund is also used to pay off the line of credit for at least 30 days during each year. The land protection funds are available to support staff and cover related costs as necessary.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 15 BOARD DESIGNATED FUNDS (Continued)

The changes in the Board designated Opportunity Fund net assets for the year ended June 30, 2019 are as follows:

Net assets, beginning of year	\$ 503,112
Contributions	22,400
Distributions - revolving activity	(25,685)
Distributions - land protection	(5,673)
Net assets, end of year	<u>\$ 494,154</u>

The Board designated Opportunity Fund net assets as of the year ended June 30, 2019 are as follows:

Board designated Opportunity Fund:	
Cash balance	\$ 375,841
Pledges receivable - current	85,667
Pledges receivable - non-current	32,646
	<u>\$ 494,154</u>

NOTE 16 ACCREDITATION

The accreditation for the Crested Butte Land Trust was updated in February 2018 by the Land Trust Accreditation Commission, an independent program of the Land Trust Alliance. Accredited land trusts are able to display a seal indicating to the public that they meet national standards for excellence, uphold the public trust and ensure that conservation efforts are permanent. Approximately 25% of land trusts nationwide are accredited.

NOTE 17 OPERATING LEASES

The Land Trust leases a copier under a non-cancelable operating lease dated October 23, 2018 and expiring in 2023. The Land Trust also leases office space under a non-cancelable operating lease dated January 9, 2018, expiring January of 2023, which includes an option to extend for an additional five years. During the year ended June 30, 2019, total expense for the copier was \$4,209, which includes \$2,077 of lease rental expense, and the total fair market value of the rent expense for the office lease was estimated to be \$10,918, of which \$7,583 was estimated to have been paid as an in-kind benefit.

Future minimum lease payments, net of the in-kind benefit for the office lease, are as follows:

Years ending June 30,	Amount
<u>2020</u>	\$ 6,060
2021	6,100
2022	6,141
2023	6,182
2024	4,355
Thereafter	14,976
Total	<u>\$ 43,814</u>

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2019

NOTE 18 RESTATEMENT

The financial statements, as of June 30, 2018 and for the year ended June 30, 2018 have been restated to adjust the ending balance of the pledges and grants receivable to agree to the corrected detail of the year-end balance and to increase the fix assets to include capital costs related to the construction of the Gunsight bridge project. The restatement resulted in the increase to pledges and grants receivable as of June 30, 2018 by \$139,525 and the increase to fixed assets as of June 30, 2018 by \$34,359, with a total corresponding adjustment to net assets of \$173,884.

NOTE 19 COMPENSATED ABSENCES

Employees of the Land Trust are entitled to paid time off based on length of employment. It is the Land Trust's policy that paid time off is accumulated and not accrued. Employees are given a pool of paid time off at the beginning of each year to use during that year. Any unused time is not carried over in the next year or paid out upon termination or separation from the Land Trust. As such, the Land Trust has not recorded a liability for compensated absences at June 30, 2019.