

**CRESTED BUTTE LAND TRUST**

FINANCIAL STATEMENTS

JUNE 30, 2023

**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](http://www.mcnurlincpa.com)

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Crested Butte Land Trust  
Crested Butte, Colorado

### *Opinion*

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Land Trust as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*McNurlin, Hitchcock & Associates, P.C.*

McNurlin, Hitchcock & Associates, P.C.  
December 19, 2023

**CRESTED BUTTE LAND TRUST**

## Statement of Financial Position

June 30, 2023

	Without Donor Restriction	Donor Restricted	Total
<b><u>ASSETS</u></b>			
Current Assets			
Cash and cash equivalents	\$ 465,040	\$ 185,053	\$ 650,093
Investments (See Note 5)	984,050	-	984,050
Accounts receivable	1,455	-	1,455
Pledges and grants receivables, current	-	51,250	51,250
Prepaid expenses	48,135	-	48,135
Total Current Assets	<u>1,498,680</u>	<u>236,303</u>	<u>1,734,983</u>
Other Assets			
Pledges and grants receivables, long-term	-	12,500	12,500
Fixed assets, net (See Note 3)	485,693	-	485,693
Trade lands (See Note 10)	2,573,485	-	2,573,485
Conservation lands (See Note 11)	11,715,608	-	11,715,608
Other deposits	2,700	-	2,700
Total Other Assets	<u>14,777,486</u>	<u>12,500</u>	<u>14,789,986</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 16,276,166</u></b>	<b><u>\$ 248,803</u></b>	<b><u>\$ 16,524,969</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
Current Liabilities			
Accrued liabilities	\$ 60,645	\$ -	\$ 60,645
Deferred income	209,501	-	209,501
Note payable, current	70,000	-	70,000
Line of credit (See Note 6)	-	-	-
Total Current Liabilities	<u>340,146</u>	<u>-</u>	<u>340,146</u>
Net Assets (See Note 7)			
Without donor restriction	14,950,312	-	14,950,312
Stewardship Fund (See Note 15)	985,708	96,900	1,082,608
Opportunity Fund (See Note 15)	-	76,971	76,971
Donor restricted	-	74,932	74,932
Total Net Assets	<u>15,936,020</u>	<u>248,803</u>	<u>16,184,823</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 16,276,166</u></b>	<b><u>\$ 248,803</u></b>	<b><u>\$ 16,524,969</u></b>

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

**CRESTED BUTTE LAND TRUST**

Statement of Activities

For the Year Ended June 30, 2023

	Unrestricted	Donor Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 625,806	\$ 223,847	\$ 849,653
Grants	-	85,620	85,620
In-kind donations	43,472	-	43,472
Special events and merchandise	326,710	-	326,710
Interest and dividends	22,393	-	22,393
Unrealized gain on investments	55,757	-	55,757
Other income	46,567	-	46,567
Net assets released from restrictions	665,730	(665,730)	-
	1,786,435	(356,263)	1,430,172
<b>EXPENSES</b>			
Program services	813,254	-	813,254
Support services:			
General and administrative	93,854	-	93,854
Fundraising	48,937	-	48,937
	956,045	-	956,045
<b>CHANGE IN NET ASSETS</b>	830,390	(356,263)	474,127
<b>CONSERVATION EASEMENT ACQUISITION COST</b>			
	535,020	-	535,020
<b>CHANGE IN NET ASSETS AFTER CONSERVATION EASEMENT ACQUISITION</b>	295,370	(356,263)	(60,893)
<b>NET ASSETS, Beginning of the year</b>	15,640,650	605,066	16,245,716
<b>NET ASSETS, End of the year</b>	\$ 15,936,020	\$ 248,803	\$ 16,184,823

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, 2023

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 13,417	\$ 8,050	\$ 8,348	\$ 29,815
Bank and merchant fees	15,875	-	-	15,875
Conferences and meetings	9,761	1,331	-	11,092
Depreciation	-	16,292	-	16,292
Direct mail	10,540	6,324	6,558	23,422
Dues and subscriptions	24,792	3,381	-	28,173
Employee benefits	39,229	3,120	2,229	44,578
General stewardship	40,015	-	-	40,015
Insurance	8,774	7,179	-	15,953
Interest	800	-	-	800
Occupancy	13,637	1,085	775	15,497
Payroll taxes	24,768	1,971	1,407	28,146
Professional fees	159,726	12,706	9,075	181,507
Rental and maintenance of equipment	4,671	372	265	5,308
Salaries and wages	351,631	27,971	19,979	399,581
Special events and merchandise	90,333	-	-	90,333
Supplies	2,035	161	116	2,312
Telephone	3,250	258	185	3,693
Travel and lodging	-	3,653	-	3,653
Total Expenses	<u>\$ 813,254</u>	<u>\$ 93,854</u>	<u>\$ 48,937</u>	<u>\$ 956,045</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, 2023

	Unrestricted	Donor Restricted	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Change in net assets	\$ 295,370	\$ (356,263)	\$ (60,893)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:			
Depreciation	16,292	-	16,292
Unrealized gain on investments	(55,757)	-	(55,757)
(Increase) decrease in assets:			
Accounts receivable	(76)	-	(76)
Pledges and grants receivables	-	48,750	48,750
Prepaid expenses	(10,798)	-	(10,798)
Increase (decrease) in liabilities:			
Accrued liabilities	27,293	-	27,293
Deferred income	(9,422)	-	(9,422)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>262,902</b>	<b>(307,513)</b>	<b>(44,611)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Sales and redemptions of investments	445,000	-	445,000
Purchase of investments	(467,187)	-	(467,187)
Purchase of fixed asset: truck	(28,000)	-	(28,000)
Purchase of trade land: Broadaxe Load	(9,000)	-	(9,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(59,187)</b>	<b>-</b>	<b>(59,187)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Principal payments made on notes payable	(60,000)	-	(60,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(60,000)</b>	<b>-</b>	<b>(60,000)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>143,715</b>	<b>(307,513)</b>	<b>(163,798)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of the year</b>	<b>321,325</b>	<b>492,566</b>	<b>813,891</b>
<b>CASH AND CASH EQUIVALENTS, End of the year</b>	<b>\$ 465,040</b>	<b>\$ 185,053</b>	<b>\$ 650,093</b>
<b>SUPPLEMENTAL DISCLOSURE:</b>			
Cash paid for interest			\$ 800
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, 2023

## 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 Land Trust 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.

### 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:

Without Donor Restriction– 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 net assets with and without donor restrictions during the year ended June 30, 2023.

See accompanying independent auditors’ report.

## CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2023

### NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of 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.

#### 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.

#### Other Deposits

Other deposits largely represent an office security deposit.

#### Pledges and Grants Receivables

Pledges and grants receivable consist of both unconditional and donor 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, 2023.

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, 2023, management determined that an allowance for doubtful pledges receivable was not necessary. See Note 7 for additional details about net asset classifications for donor restrictions.

#### Advertising Costs

Advertising costs are expensed as incurred. The Land Trust uses advertising to promote its conservation program. During the year ended June 30, 2023, advertising costs totaled \$29,815.

#### 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, 2023.

See accompanying independent auditors' report.

## CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2023

### NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurement

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, the Land Trust accounts for its financial instruments, as well as certain assets and liabilities, at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability.

The Land Trust is required by United States generally accepted accounting principles to categorize its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on quoted prices in active markets for identical assets or liabilities that the Land Trust has the ability to access (examples include exchange-traded equity securities and most U.S. Government and agency securities).

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or use model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in non-active markets (examples may include corporate and municipal bonds, and most over-the-counter derivatives including interest rate and currency swaps).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs for the asset or liability are typically based on an entity's own assumptions, as there is little, if any, related market activity and reflect assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments).

Subsequent to initial recognition, the Land Trust may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value. Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis.

See accompanying independent auditors' report.

## CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2023

### NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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, 2023, 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
Truck	5	2023	28,000
Less: accumulated depreciation			(163,664)
Fixed assets, net			<u>\$ 485,693</u>

#### Contributions

Pledges are recorded when committed and recognized as contributions in the period in which the pledge is received from the donor. 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 net assets without donor restriction.

#### Merchandise Sales Revenue

From time to time, the Land Trust sells certain merchandise, primarily calendars, t-shirts, and hats. Proceeds are used to support the Land Trust's operations. Revenue is recognized when the patron takes possession of the merchandise.

See accompanying independent auditors' report.

## CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2023

### NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

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. Conservation 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.

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 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, 2023.

See accompanying independent auditors’ report.

**CRESTED BUTTE LAND TRUST**

Notes to the Financial Statements

June 30, 2023

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, 2023.

NOTE 5 INVESTMENTS

Investments at June 30, 2023 consist of fixed income securities and exchange-traded funds (“ETF”) held at TD Ameritrade. The fixed income securities are considered Level 2 investments, while the ETF securities are considered Level 1 investments, based on the fair value hierarchy described in Note 3. The investment holdings and details are as follows:

Investment Type	Investment Description	Interest Rate	Maturity Date	Fair Market Value	Cost
Fixed income	American Express Bank FSB	2.85%	5/20/2024	\$ 48,885	\$ 50,000
Fixed income	Barclays Bank Delaware	5.00%	6/6/2025	49,611	50,000
Fixed income	Discover Bank	4.90%	11/15/2024	49,629	50,000
Fixed income	First United Bank & Trust Co	4.50%	12/30/2024	49,316	50,000
Fixed income	Goldman Sachs Bank	2.25%	11/20/2023	49,407	50,000
Fixed income	Morgan Stanley Bank	2.40%	11/20/2023	49,436	50,000
Fixed income	Synchrony Bank	4.85%	11/12/2024	49,598	50,000
Fixed income	UBS BK USA Salt Lake	2.85%	5/20/2024	48,885	50,000
Fixed income	UBS BK USA Salt Lake	4.90%	6/6/2025	49,518	50,000
Fixed income	Wells Fargo Bank	4.90%	11/14/2024	49,631	50,000
Fixed income	Wells Fargo Bank	4.50%	12/30/2024	49,316	50,000
Fixed income	M1 Bank	4.85%	12/4/2023	29,932	30,000
ETF	SPDR S&P5000 ETF	NA	NA	207,455	143,531
ETF	Vanguard Total Stock Market	NA	NA	203,431	144,607
				<u>\$ 984,050</u>	<u>\$ 868,138</u>

See accompanying independent auditors’ report.

**CRESTED BUTTE LAND TRUST**

Notes to the Financial Statements

June 30, 2023

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 January 18, 2023, and has a maturity date of January 18, 2025. 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 monthly. 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. As of June 30, 2023, the line of credit had no outstanding balance.

NOTE 7      NET ASSETS

Net assets without donor restrictions 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 net assets without donor restriction have been designated by the Board of Directors for specific purposes. See Note 15 for further details of board designated amounts. Donor restricted net assets consist of contributions whose use by the Land Trust is limited by donor-imposed stipulations. At June 30, 2023, the Land Trust had donor restricted net assets that had been committed to being contributed to the Land Trust but not yet received, as follows:

Pledges and grants receivable:	
Long Lake acquisition project	\$ 45,000
Opportunity Fund	<u>18,750</u>
Total	<u>\$ 63,750</u>

At June 30, 2023, the Land Trust had donor restricted net assets with the following purposes:

	Donor restricted cash balance	Donor restricted pledges and grants receivable	Perpetually donor restricted	Donor restricted balance as of June 30, 2023
Donor purpose/project:				
Long Lake acquisition	\$ 29,932	\$ 45,000	\$ -	\$ 74,932
Stewardship Fund	-	-	96,900	96,900
Opportunity Fund	<u>58,221</u>	<u>18,750</u>	-	<u>76,971</u>
	<u>\$ 88,153</u>	<u>\$ 63,750</u>	<u>\$ 96,900</u>	<u>\$ 248,803</u>

See accompanying independent auditors' report.



## CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2023

### NOTE 7 NET ASSETS (Continued)

During the year ended June 30, 2023, the Land Trust had the following changes in donor restricted net assets:

	Long Lake Project	Opportunity Fund	Stewardship	Total
Donor restricted, beginning of year	\$ 196,642	\$ 311,524	\$ 96,900	\$ 605,066
Donor restricted grants and contributions	-	309,467	-	309,467
Amounts released from donor restriction	(121,710)	(544,020)	-	(665,730)
Donor restricted, end of year	<u>\$ 74,932</u>	<u>\$ 76,971</u>	<u>\$ 96,900</u>	<u>\$ 248,803</u>

Stewardship Fund assets that are perpetually restricted consist of contributions from Great Outdoors Colorado for stewardship on specific conservation lands and other perpetually restricted individual contributions. These perpetually restricted funds impose stipulations 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.

### 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.

### NOTE 9 LONG LAKE ACQUISITION

During the year ending June 30, 2020, the Land Trust finished the process of a federal land exchange for a 120-acre National Forest property called Long Lake. The Land Trust paid \$2,915,000 to purchase a parcel of land called Fossil Ridge, which was traded, along with the Copley Lake trade land, for the Long Lake property and \$15,000 from the National Forest Service. As of June 30, 2023, this property is recorded on the Statement of Financial Position in Conservation Lands. During year ended June 30, 2023, the Land Trust made principal payments totaling \$60,000 in order to pay down third-party loans.

See accompanying independent auditors' report.



**CRESTED BUTTE LAND TRUST**

Notes to the Financial Statements

June 30, 2023

NOTE 10 TRADE LANDS

In January 2023 the Land Trust purchased the Broadaxe Load mining claim for \$9,000. The Land Trust holds the following trade lands as of June 30, 2023:

<u>Trade Land</u>	<u>Purchase price</u>
Broadaxe Load	\$ 9,000
Colonel's House	431,979
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
New Discovery Lode	7,687
Niccoli Homesite	450,000
Pioneer Mill Claim	75,187
Schofield 5 TPL Donation	145,000
Schofield Kasic	10,000
Schofield Kennel	12,000
Schofield Klingsmith	9,512
Schofield Roberts	3,076
Schofield Rock Creek Tax Sale	540
Schofield Townsite	490,000
Silverbow and Richmond Lode Mining Claims	26,787
Washington Gulch	181,250
Total Trade Lands	<u>\$ 2,573,485</u>

NOTE 11 CONSERVATION LANDS

The Land Trust holds the following conservation lands as of June 30, 2023:

<u>Conservation Land</u>	<u>Date acquired</u>	<u>Purchase price</u>
Rice Parcel	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 Block 2	December 2001	8,000
Gunsight Bridge	January 2003	775,312
Lower Loop Utley	March 2003	605,000
Schofield TPL/McGill	October 2003	96,220
Niccoli Ranch	November 2006	2,322,000
Kikel B	May 2007	1,327,189
Coralhouse	November 2013	741,390
Peanut Mine	August 2016	-
Long Lake	February 2020	3,000,000
Total Conservation Lands		<u>\$ 11,715,608</u>

See accompanying independent auditors' report.

**CRESTED BUTTE LAND TRUST**

Notes to the Financial Statements

June 30, 2023

## NOTE 12 CONSERVATION EASEMENTS

The Land Trust holds the following conservation easements as of June 30, 2023:

Easement	Date Acquired	Total Acreage
Irwin 1	December 1993	3.30
Kapushion	August 1995	110.00
Mead	August 1996	15.16
Irwin 2	December 1996	6.60
Cement Creek LLC	September 1997	184.57
Ridgeline	April 1999	43.40
Anders Ranch	November 2000	874.00
Nevada Ridge	December 2000	5.00
Biery	September 2002	27.00
Conroad 1	December 2002	35.00
Huckeby Wetlands	November 2003	19.77
Cottage Home	December 2003	6.96
Gunnison Riverbanks Ranch	December 2003	453.42
Smith Hill #1	December 2003	35.00
Rozman Ranch (phase 1)	September 2004	318.65
Rolling River	December 2004	6.80
Maxfield	June 2005	44.45
Conroad 2	December 2005	35.00
Bench	December 2005	40.00
Smith Hill #2	December 2005	35.00
CO Investments LLC	December 2005	9.34
Ranch Reserve	December 2006	643.00
Gebhart	December 2006	7.26
Kubricht	December 2006	5.30
Smith Hill #3	December 2007	35.09
Riverbend	December 2007	3.12
Stroh	December 2008	23.09
Budd Trail	December 2009	0.09
Eve Kochevar	March 2010	70.00
Eve Kochevar Trail Easement (not b	June 2010	Trail
Hermanson Trail	October 2010	Trail
Smith Hill #4	December 2010	35.00
Kochevar OS (phases 1 & 2)	March 2011	280.21
Rozman Ranch (phase 2)	August 2011	150.00
Sunset	December 2011	8.30
Graham	December 2012	184.40
North Pole Basin	June 2013	158.50
Kochevar OS (phase 3)	December 2013	43.80
Promontory/Snodgrass	April 2015	107.23
Marble Basecamp	May 2016	46.75
Woods Walk - Lake House LLC	January 2020	400 ft. Trail
Lot 7 McCormick Ranch	January 2021	37.40
Kikel Lot 3	October 2021	59.27
Schutt Wetlands	January 2023	107.00

See accompanying independent auditors' report.

## CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2023

### NOTE 12 CONSERVATION EASEMENTS (Continued)

During the year ended June 30, 2023, the Land Trust acquired a new conservation easement, Schutt Wetlands. The cost to the Land Trust to acquire this conservation easement was \$535,020, which has been expensed on the Statement of Activities. The total purchase cost of this conservation easement was \$1,600,000. Other Organizations paid these additional funds to support the mission of acquiring a conservation easement on this land. All transaction costs associated with the acquisition of this conservation easement are expensed on the Statement of Activities. Costs associated with acquisitions of conservation easements are not capitalized since the Land Trust would have significant difficulty finding a buyer for these easements.

### NOTE 13 IN-KIND CONTRIBUTIONS

During the year ended June 30, 2023, the Land Trust recognized \$43,472 of in-kind contributions. The contributions were for 30% of legal fees in the amount of \$20,254, office rent of \$9,000 (included in Note 18), and donations of items for the live and silent auctions of \$14,218 (which were monetized at the auctions).

### 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.

In 2002, the Land Trust acquired property in the Trappers Crossing at Crested Butte Association, (the “HOA”). Around the time of acquisition, it was verbally agreed with the HOA that the Land Trust would pay these dues and the HOA would make a donation to the Land Trust for the full amount of the dues. In 2011 the HOA changed property management companies. At that time, the HOA stopped charging the Land Trust dues. In 2023, the HOA sent the land trust a bill for past due assessments going back multiple years. The Land Trust holds the position that they are not responsible for these charges due to the verbal agreement with the HOA at the time of acquisition. The Land Trust believes the likelihood of ultimately having to pay these past due assessments is remote and no liability has been recognized on the Land Trust’s Statement of Financial Position.

### NOTE 15 BOARD DESIGNATED FUNDS

The Board of Directors have designated two funds, the Stewardship Fund, and the Opportunity Fund. The Investment Policy established by the Board for the Board Designated Stewardship Fund is a combination of safety, growth, and income, with a primary emphasis on the safety of principal, and may be accomplished by investment in money market funds, certificates of deposit, mutual funds, and up to 40 percent in equities. At June 30, 2023, this fund is invested in certificates of deposit, money market funds and broad-based equity ETFs. Inherent within all investment policies are fluctuating rates of return and the inherent volatility of the relevant markets. The Opportunity Fund balances are currently invested in a combination of low risk checking and money market accounts. All income earned was reinvested in the funds and may be appropriated for expenditure at a future date.

See accompanying independent auditors’ report.

**CRESTED BUTTE LAND TRUST**

Notes to the Financial Statements

June 30, 2023

NOTE 15 BOARD DESIGNATED FUNDS (Continued)

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, 2023 are as follows:

	Board Designated Stewardship Fund		
	Investment Gain		
	Committed	Reserve	Total
Net assets, beginning of year	\$ 823,619	\$ 3,304	\$ 826,923
Board designated adjustment for inflation	25,400	(25,400)	-
Dividends and interest earned	-	21,555	21,555
Kikel Lot 3 CE Stewardship contribution	15,000	-	15,000
Schutt CE Stewardship contribution	18,500	-	18,500
Long Lake management contribution	49,854	-	49,854
Change in market value	-	53,876	53,876
Net assets, end of year	\$ 932,373	\$ 53,335	\$ 985,708

As shown above, the Board Designated Stewardship Fund consists of a Committed amount and an Investment Gain Reserve. The Committed portion increases to reflect the addition of new properties and/or the terms of existing properties under Land Trust stewardship. It also increases to reflect the policy requirement to grow by inflation each year. This inflation increase can be funded by investment earnings made by the fund, and/or by additional contributions by the Board. As detailed above and in Note 5, a portion of the Stewardship Fund principal is invested in broad-based equity ETFs. Because these gains are subject to market volatility, Stewardship Fund investment earnings in excess of inflation are held temporarily in the Investment Gain Reserve to help meet future inflation contributions. The total investment gain reserve, as of June 30, 2023, was \$53,335. The increase versus the beginning of the year reflects a significant improvement in dividend and interest income as well as market gains in equity ETFs, only partly offset by a lower inflation adjustment as compared to the previous year.

See accompanying independent auditors' report.

**CRESTED BUTTE LAND TRUST**

Notes to the Financial Statements

June 30, 2023

NOTE 15 BOARD DESIGNATED FUNDS (Continued)

As of June 30, 2023, and during the year ended June 30, 2023, the Opportunity Fund had the following balances and changes in net assets:

Net assets, beginning of year	\$ 311,524
Contributions - donor restricted	309,467
Acquisition of land and easement - Schutts, Broadaxe Load	<u>(544,020)</u>
Net assets, end of year	<u>\$ 76,971</u>
Opportunity Fund cash and receivables detail:	
Cash balance	\$ 58,221
Pledges receivable - current	<u>18,750</u>
	<u>\$ 76,971</u>

NOTE 16 NOTES PAYABLE

The Land Trust received a loan from the Valley Housing Fund on February 27, 2020, for \$200,000. The note payable bears interest at an annual rate of 0.5%, with all accrued interest payable at the time of a principal payment. As of June 30, 2023, the future principal payments schedule is as follows:

<u>Valley Housing Fund</u>	
February 28, 2024	<u>\$ 70,000</u>
Total	<u>\$ 70,000</u>

NOTE 17 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. The Crested Butte Land Trust is in the process of obtaining re-accreditation in 2023. 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 18 OFFICE LEASE

The Land Trust leases office space under a lease dated October 27, 2022, expiring November of 2027. During the year ended June 30, 2023, the total fair market value of the rent expense for the office lease was estimated to be \$15,497, of which \$9,000 was covered by an in-kind donation. The Land Trust has the option to terminate this lease on an annual basis, and as such, the future lease payments have not been capitalized under FASB ASC 842, Leases, and future minimum lease payments have been excluded from the financial statement disclosures.

See accompanying independent auditors' report.