

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Financial Report
December 31, 2018

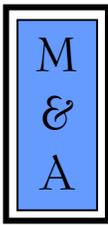


EAGLE VALLEY
LAND TRUST

**Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
December 31, 2018**

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Eagle Valley Land Trust
Edwards, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of Eagle Valley Land Trust, a Colorado non-profit corporation, which comprise the statement of financial position as of December 31, 2018, 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.

Auditor's 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 of 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 auditor's 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 entity'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 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 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 Eagle Valley Land Trust 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.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Eagle Valley Land Trust
Edwards, Colorado**

Emphasis of Matter

As discussed in Note 13 to these financial statements, Eagle Valley Land Trust implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), issued by the Financial Accounting Standards Board in 2018. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Eagle Valley Land Trust's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
September 4, 2019**

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2018
(With Comparative Totals at December 31, 2017)

	<u>2018</u>			<u>2017</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	<u>Totals</u>
Assets:				
Cash and cash equivalents	555,446	129,937	685,383	645,452
Investments	981,014	1,341,565	2,322,579	2,039,380
Promises to give, net	18,000	18,000	36,000	67,100
Reimbursable project costs	16,272	-	16,272	18,723
Other accounts receivable	2,269	10,000	12,269	2,500
Prepaid expenses	1,995	-	1,995	1,375
Due (to) from other category	(69,633)	69,633	-	-
Total Assets	<u>1,505,363</u>	<u>1,569,135</u>	<u>3,074,498</u>	<u>2,774,530</u>
Liabilities and Net Assets:				
Liabilities:				
Accounts payable and accrued expenses	64,245	-	64,245	85,248
Total Liabilities	<u>64,245</u>	<u>-</u>	<u>64,245</u>	<u>85,248</u>
Net Assets	<u>1,441,118</u>	<u>1,569,135</u>	<u>3,010,253</u>	<u>2,689,282</u>
Total Liabilities and Net Assets	<u>1,505,363</u>	<u>1,569,135</u>	<u>3,074,498</u>	<u>2,774,530</u>

The accompanying notes are an integral part of these financial statements.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Statement of Activities
For the Year Ended December 31, 2018
(With Comparative Totals For the Year Ended December 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
Support and Revenues:				
General contributions	417,200	140,881	558,081	905,346
Program-related revenues	54,714	-	54,714	162,955
Grants	30,032	24,405	54,437	41,100
Investment return, net	(94,796)	(63,725)	(158,521)	226,889
Donated goods and services	17,163	-	17,163	30,254
Fundraising events:				
Fundraising event revenues	262,014	10,000	272,014	166,751
Fundraising event expenses	(82,868)	-	(82,868)	(69,559)
Fundraising events, net	179,146	10,000	189,146	97,192
Miscellaneous	178	-	178	210
Total Support and Revenues	603,637	111,561	715,198	1,463,946
Expenses:				
Program services	276,475	-	276,475	623,999
Administrative	64,515	-	64,515	69,271
Fundraising	53,237	-	53,237	55,687
Total Expenses	394,227	-	394,227	748,957
Change in Net Assets	209,410	111,561	320,971	714,989
Net Assets - Beginning of Year	1,231,708	1,457,574	2,689,282	1,974,293
Net Assets - End of Year	1,441,118	1,569,135	3,010,253	2,689,282

The accompanying notes are an integral part of these financial statements.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals For the Year Ended December 31, 2017)

	2018			2017	
	Program	Supporting Services		Totals	Totals
	Services	Administrative	Fundraising		
Expenses:					
Payroll, taxes and benefits	207,106	25,231	33,253	265,590	212,649
Bank charges	8	249	3,048	3,305	3,829
Board expenses	-	4,510	-	4,510	2,793
Seminars and classes	2,263	276	363	2,902	4,591
Insurance	4,190	511	672	5,373	7,419
Membership, dues and subscriptions	4,956	604	796	6,356	5,826
Advertising	4,219	281	87	4,587	13,844
Licenses and permits	483	20	-	503	4,325
Office costs	6,293	765	1,010	8,068	10,448
Postage and delivery	-	102	1,059	1,161	1,436
Printing and publications	3,494	426	560	4,480	12,585
Mailing house services	-	-	7,316	7,316	-
Professional fees	19,431	22,269	1,419	43,119	140,337
Rent and occupancy	8,201	1,980	3,019	13,200	13,200
Travel and entertainment	5,392	567	635	6,594	6,459
Donated goods and services	10,439	6,724	-	17,163	30,254
Acquisition of easement	-	-	-	-	278,962
Total Expenses	276,475	64,515	53,237	394,227	748,957

The accompanying notes are an integral part of these financial statements.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Totals For the Year Ended December 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
Cash Flows from Operating Activities:				
Contributions and grants received	446,063	187,786	633,849	879,216
Cash received from programs	57,165	-	57,165	76,415
Cash received from fundraising events	179,146	10,000	189,146	97,192
Other cash receipts (payments)	178	-	178	80,710
Cash paid for goods and services	(125,569)	-	(125,569)	(446,902)
Cash paid for labor and employee benefits	(273,118)	-	(273,118)	(198,719)
Change in inter-category balances	(27,265)	27,265	-	-
Cash received from interest and dividends	53,841	46,717	100,558	72,260
Net Cash Provided (Used) by Operating Activities	310,441	271,768	582,209	560,172
Cash Flows from Investing Activities:				
Cash received on sale/redemption of investments	392,549	217,723	610,272	313,674
Cash paid to purchase investments	(696,109)	(456,441)	(1,152,550)	(855,552)
Net Cash Provided (Used) by Investing Activities	(303,560)	(238,718)	(542,278)	(541,878)
Net Increase (Decrease) in Cash and Cash Equivalents	6,881	33,050	39,931	18,294
Cash and Cash Equivalents - Beginning of Year	548,565	96,887	645,452	627,158
Cash and Cash Equivalents - End of Year	555,446	129,937	685,383	645,452
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Change in net assets	209,410	111,561	320,971	714,989
Adjustments to reconcile:				
Unrealized (gain) loss on investments	147,614	110,558	258,172	(105,350)
Realized (gain) loss on investments	1,023	(116)	907	(58,011)
(Increase) decrease in net promises to give	(1,400)	32,500	31,100	(66,600)
(Increase) decrease in reimbursable project costs	2,451	-	2,451	(6,040)
(Increase) decrease in other accounts receivable	231	(10,000)	(9,769)	(630)
(Increase) decrease in prepaid expenses	(620)	-	(620)	-
Increase (decrease) in accounts payable and accrued expenses	(21,002)	-	(21,002)	82,353
Increase (decrease) in deferred revenue	(1)	-	(1)	(539)
Change in due (to) from other category	(27,265)	27,265	-	-
Total Adjustments	101,031	160,207	261,238	(154,817)
Net Cash Provided (Used) by Operating Activities	310,441	271,768	582,209	560,172

The accompanying notes are an integral part of these financial statements.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2018

1. Organization

Eagle Valley Land Trust (the “Land Trust”) was incorporated in the State of Colorado as a non-profit corporation, pursuant to Articles of Incorporation dated February 5, 1981, and amended October 23, 1995 and March 26, 2007. The Land Trust is governed by a seventeen-member volunteer Board of Directors (the “Board”). The Land Trust’s offices are located in Edwards, Colorado.

The Land Trust’s stated mission is:

To protect forever the lands we love, to preserve our heritage, scenic beauty, recreational opportunities, and wildlife habitats, and to build a permanent legacy for future generations.

The Land Trust holds conservation easements on thirty-six parcels of protected land consisting of approximately 11,275 acres of permanent open space throughout Eagle County, Colorado – from East Vail to the entrance of Glenwood Canyon and from Yarmony Mountain at the Routt County border to Taylor City on Tennessee Pass. The Land Trust works with a variety of entities including private landowners, Eagle County government, local municipalities and other governmental entities, as well as state and federal agencies.

2. Conservation Easements

The Land Trust accomplishes its land conservation objectives, in part, by accepting donations of interests in real property, primarily in the form of conservation easements. Conservation easements are perpetual agreements between the Land Trust and public or private landowners pursuant to which landowners agree to abide by certain restrictions designed to preserve the open space or conservation value of their land, without transferring ownership. The terms of the easement agreements are binding on both current and future owners of the land. The Land Trust is considered a “qualified organization” under section 170(h)(3) of the Internal Revenue Code and may therefore accept conservation easements donated by landowners, who may derive certain Federal and state tax benefits through this contribution.

Upon accepting a conservation easement, the Land Trust assumes a perpetual obligation to monitor, at a minimum on an annual basis, the property to ensure that the landowner complies with the restrictions of the easement. Further, the Land Trust is perpetually obligated to enforce provisions of the easements in the event of a violation of the terms of the easement. Enforcing an easement violation could involve costly legal or other expenses. The Land Trust is a long-time member of a national land trust alliance organization; through which it has obtained insurance coverage to enhance its resources for any future need of legal defense.

The Land Trust accepted one conservation easement during 2018, bringing the total number of easements in favor of the Land Trust to thirty-six. Details of the Land Trust’s easements held at December 31, 2018 are provided in Note 14.

3. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Land Trust have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2018
(Continued)

3. Summary of Significant Accounting Policies (continued)

B. Consolidation

The accompanying financial statements for the years ended December 31, 2018 include the accounts of the Land Trust and its single-member limited liability company subsidiary, Western Heritage, LLC, which had no activity during the 2018 fiscal year.

Western Heritage, LLC was organized as a Colorado limited liability company pursuant to Articles of Organization filed March 21, 2002 and subsequently amended. Western Heritage, LLC was voluntarily dissolved on November 15, 2018.

C. Basis of Presentation

The Land Trust reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, including, if applicable, net assets that have been designated by the Board for expenditure on specific purposes or projects.

With Donor Restrictions – Net assets subject to restrictions imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has lapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

D. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Land Trust considers cash and cash equivalents to include all cash and highly liquid financial instruments with original maturities of three months or less.

E. Investments

The Land Trust invests certain funds in certificates of deposit, publicly-traded mutual funds, unit investment trusts, and publicly-traded equities. Investments are reported on the financial statements at fair market value. Net investment gain / (loss) reported in the Statement of Activities consists of interest and dividend income received, as well as both realized and unrealized gains and losses. Investment income is considered to be without restrictions unless the earnings are restricted, either as to purpose or time period, by the donor of the original contribution.

Generally accepted accounting principles require that financial assets be valued at “fair value”, determined through application of a three-tiered hierarchy of input levels. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based on the best information available in circumstances where markets are non-existent or illiquid.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2018
(Continued)

3. Summary of Significant Accounting Policies (continued)

F. Receivables and Allowance for Doubtful Accounts

The Land Trust's receivables primarily consist of non-interest-bearing amounts due for outstanding promises to give and project costs reimbursable by landowners and others.

Management determines the allowance for uncollectible promises to give and doubtful accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions and accounts receivable are written off when deemed uncollectible. For the year ended December 31, 2018, the Land Trust incurred no bad debt expense related to uncollected accounts and no allowance for uncollectible amounts was considered necessary by the Land Trust's management.

G. Fixed Assets

Office equipment purchased by or donated to the Land Trust are capitalized at historical cost or estimated cost when donated and depreciated on the straight-line basis over estimated useful lives of 3 - 5 years.

H. Conservation Easements

Conservation easements represent a perpetual restriction on the use of land without transfer of ownership of the underlying property. Although conservation easements are real property rights, they possess little or no market value due to a resale market that is essentially limited to the owner of the fee title in the restricted property. Because of this limited market and due to the obligations inherent in easement ownership, the Land Trust's easement holdings are not reflected in the accompanying financial statements either as assets or liabilities.

I. Support and Revenue

Contributions of cash and other assets are reported as with donor or grantor restriction if they are received with donor or grantor stipulations that limit or specify the use of the donated assets, whether by time, period, or purpose. When a donor or grantor restriction expires – that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished – donor / grantor restricted net assets are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Unconditional promises to give expected to be collected within one year are reflected as current contributions and are recorded at their net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2018
(Continued)

3. Summary of Significant Accounting Policies (continued)

I. Support and Revenue (continued)

Non-monetary contributions of goods and services are recorded at their fair values in the period received. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or the services are considered “professional” services which the Land Trust would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets. Nonmonetary donations are recognized as revenue and offsetting expense or asset, depending on the nature of such support received.

Program services fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred.

J. Advertising

Advertising costs are expensed as incurred. Advertising expense for 2018 totaled \$4,587.

K. Method used for Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the Land Trust’s programs and supporting services.

The financial statements report certain categories of expenses that are attributable to one or more of the Land Trust’s program or supporting functions. Those expenses include salaries and benefits, office supplies and equipment, utilities, and office rent. Salaries and benefits are allocated based on position and time spent on each function. Office supplies and equipment and utilities are allocated based on estimates of time and effort and reflect the allocation of salaries and benefits. Office rent is allocated based on square footage of each department.

L. Income Taxes

The Land Trust is a non-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is thus exempt from federal and state income taxes on income which is directly related to its organizational purpose.

The Land Trust’s federal information returns are subject to examination by the Internal Revenue Service. The Land Trust’s information returns are no longer subject to examinations for tax years prior to 2015.

The transactions of Western Heritage, LLC – the Land Trust’s single-member limited liability company subsidiary – are consolidated with those of the Land Trust for tax reporting purposes, as Western Heritage, LLC is considered a disregarded entity within the requirements of the Internal Revenue Code.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2018
(Continued)

3. Summary of Significant Accounting Policies (continued)

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Comparative Information

The financial statements include certain prior year comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Land Trust's financial statements as of and for the year ended December 31, 2017, from which the comparative totals were derived.

O. Subsequent Events

Management has evaluated subsequent events through September 4, 2019; the date these financial statements were available to be issued.

4. Investments

The fair values of the Land Trust's investments measured on a recurring basis at December 31, 2018 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds, ETFs, and closed-end funds	\$ 2,153,159	2,153,159	-	-
Unit investment trusts	19,420	19,420	-	-
Certificates of deposit	150,000	150,000	-	-
Total	\$ 2,322,579	2,322,579	-	-

The Land Trust's investment income for 2018 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 53,841	46,717	100,558
Realized gains (losses)	(1,023)	116	(907)
Unrealized gains (losses)	(147,614)	(110,558)	(258,172)
Net investment return	\$ (94,796)	(63,725)	(158,521)

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2018
(Continued)

5. Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Within one year	\$ 13,000	18,000	31,000
In one to five years	5,000	-	5,000
Promises to give, net	<u>\$ 18,000</u>	<u>18,000</u>	<u>36,000</u>

Promises to give at December 31, 2018 are receivable from the following sources:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Promises to give - Board members, net	\$ 2,000	18,000	20,000
Promises to give - Others, net	16,000	-	16,000
Promises to give, net	<u>\$ 18,000</u>	<u>18,000</u>	<u>36,000</u>

Aggregate contributions from Board members totaled \$42,450 during the year ended December 31, 2018.

6. Fixed Assets

Property and equipment	\$ 19,534
Less: Accumulated depreciation	<u>(19,534)</u>
Fixed assets, net	<u>\$ -</u>

Depreciation expense for 2018 was \$0.

7. Liquidity and Availability of Resources

The Land Trust's net assets consist of donor-restricted amounts and amounts without donor restrictions. The Land Trust's investment policy and liquidity management is structured around short-term investments to ensure financial assets are available as general expenditures and other obligations become due. In addition, the Land Trust invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Land Trust could draw upon its Board-designated endowment fund.

The Land Trust's financial assets available within one year from December 31, 2018 for general expenditures are as follows:

Cash and cash equivalents	\$ 555,446
Short-term investments	906,014
Promises to give, net	18,000
Reimbursable project costs	16,272
Other accounts receivable	<u>2,269</u>
	<u>\$ 1,498,001</u>

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2018
(Continued)

8. Endowment

Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Land Trust's endowment consists of a donor-restricted endowment and a Board-designated quasi-endowment to support the longevity of the Land Trust. As provided in the donor-restricted endowment agreement, at least one-half of the bequest was to be added to the Land Trust's endowment fund, with the remainder used for operations. The donor-restricted endowment fund corpus may not be drawn down or pledged as collateral for a loan or other liability; however, interest and other returns earned on the donor-restricted endowment fund are considered to be undesignated, and may be used for operating purposes upon approval of a two-third majority of the Land Trust's Finance Committee or the Board.

The composition of the Land Trust's endowment fund net assets by type as of December 31, 2018 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment fund:			
Original Board-designated amount	\$ 205,315	-	205,315
Accumulated investment gains	111,182	-	111,182
Donor-restricted endowment fund:			
Amount required to be maintained in perpetuity by donor	-	407,088	407,088
Totals	<u>\$ 316,497</u>	<u>407,088</u>	<u>723,585</u>

Changes in the Land Trust's endowment net assets, including Board-designated endowment, during the year ended December 31, 2018 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets - Beginning of year	\$ 351,971	334,207	686,178
Investment return, net	(35,474)	-	(35,474)
Contributions	-	72,881	72,881
Net assets - End of year	<u>\$ 316,497</u>	<u>407,088</u>	<u>723,585</u>

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2018
(Continued)

9. Classification of Net Assets and Net Assets Released from Restriction

At December 31, 2018, the Land Trust had the following net assets without donor restrictions and with donor restrictions:

Without donor restrictions:

Undesignated	\$ 1,124,621
Board-designated endowment fund	<u>316,497</u>
Total net assets without donor restrictions	<u><u>\$ 1,441,118</u></u>

With donor restrictions:

Purpose restrictions:

<u>Future easement acquisitions:</u>	
Land Protection Fund	\$ 40,814
Heart of the Valley Fund	67,593
Our Valley Fund	2,391
Walter Kirch Memorial Fund	<u>75,748</u>
	186,546
Stewardship of existing conservation easements	728,581
Legal defense of existing conservation easements	<u>218,920</u>
	1,134,047

Time-restricted for future periods:

General future pledges and sponsorships	28,000
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Perpetual in nature:

Corpus of endowment fund	<u>407,088</u>
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Total net assets with donor restrictions **\$ 1,569,135**

As discussed in Note 8, the Board has designated net assets of \$316,497 (from total net assets without donor restrictions of \$1,441,118) for the purpose of a quasi-endowment as of December 31, 2018. Although the Land Trust does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from this quasi-endowment could be made available if necessary.

10. Operating Lease

Effective August 2015, the Land Trust entered into a three-year operating lease agreement for office space in Edwards, Colorado. The lease calls for monthly rent of \$1,000 for the term of the lease, and provides the Land Trust with the option of extending the arrangement for an additional three-year term. The Land Trust incurred rent expense totaling \$13,200 in 2018 in respect of the office lease.

In March 2018, the parties amended the lease agreement to extend the term for three years, ending July 31, 2021, but providing the Land Trust with the option to terminate the lease, upon specified notice, effective July 31, 2019. The amended lease requires the Land Trust to pay a base monthly rental of \$1,100.

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10. Operating Lease (continued)

Future minimum lease payment requirements under the amended lease are as follows:

Year ending December 31,	
2019	\$ 13,200
2020	13,200
2021	7,700
Total	\$ 34,100

11. Retirement Plan

The Land Trust has established a Savings Incentive Match Plan for Employees retirement plan (the "SIMPLE Plan"). All employees are eligible to participate in the SIMPLE Plan, provided they are likely to receive at least \$5,000 in compensation from the Land Trust in the current year and received at least \$5,000 in compensation during the preceding year. Under the SIMPLE Plan, eligible employees may elect to have their pre-tax compensation reduced by a percentage or a fixed dollar amount, not to exceed an aggregate of \$12,500 for calendar year 2018. The Land Trust matches each participant's elective deferrals up to 3% of their eligible compensation for the year, with all such matching contributions vesting immediately. Participants in the SIMPLE Plan must establish a SIMPLE IRA at a financial institution of their choice to receive the contributions. For fiscal year 2018, the Land Trust made matching contributions totaling \$4,758 to the SIMPLE Plan.

12. Concentration of Credit Risk

The Land Trust's cash balances held with financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per depositor at each separately charter FDIC-member financial institution, without regard to the nature of the accounts. At December 31, 2018, the Land Trust's uninsured cash balances totaled \$18,256.

13. Change in Accounting Principle

In 2018, the Land Trust implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* ("ASU 2016-14"), issued by the Financial Accounting Standards Board. This standard replaced the existing three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets: those with donor restrictions and those without donor restrictions. Additionally, ASU 2016-14 enhanced financial disclosures with respect to Board designations, cash needs, cost allocations and "underwater" investments, if any. Certain comparative amounts as of and for the year ended December 31, 2017 have been reclassified – with no effect on net assets, total assets or total liabilities – to conform to the 2018 presentation.

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14. Easements Held

At December 31, 2018, the Land Trust held the following 36 conservation easements.

Easement	Acres
Held solely by the Land Trust:	
Abrams Creek	172.10
Buffehr Creek	9.29
Casteel Creek	118.09
Cordillera Ridgeline	167.00
Creamery Ranch	24.00
Dewey Park	38.00
Diamond Star I	1,450.00
Diamond Star II	180.00
Duck Pond River Access	55.51
Eagle River Preserve	71.70
East Vail Waterfall	4.97
Homestead Open Space I	120.00
Homestead Open Space II	18.00
Horn Ranch I	288.00
Horn Ranch II	115.00
Johnson	23.72
"L" Community Open Space	160.00
McCoy Springs	32.06
Miller Ranch	32.53
Ptarmigan Road	5.39
Red Sandstone - Potato Patch	2.89
Roberts Ranch	12.93
Spud Cellar	35.19
Taylor City	61.72
Walking Mountains	3.51
Webster	376.53
West Avon Preserve	478.09
Yarmony Mountain	75.60
Buchholz Winfrey Ranch	1,768.00
Horse Mountain	201.00
Hardscrabble Ranch	1,540.00
Minturn Boneyard <i>(added in 2018)</i>	4.35
Subtotal	7,645.16
Co-held with Eagle County:	
Canyon Ranch - Bair Ranch	2,794.00
Derby Mesa - Gates Ranch	740.00
Meadow Creek	2.64
Subtotal	3,536.64
Co-held with Town of Gypsum:	
Constellation Ridge - Brightwater	95.00
Total	11,276.80