EAGLE VALLEY LAND TRUST

(A COLORADO NON-PROFIT CORPORATION)

DECEMBER 31, 2012

EAGLE VALLEY LAND TRUST

2012 VAIL VALLEY SMALL NON-PROFIT OF THE YEAR

LATHROP FINANCIAL SERVICES

EAGLE VALLEY LAND TRUST

(A COLORADO NON-PROFIT CORPORATION)

DECEMBER 31, 2012

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LATHROP FINANCIAL SERVICES

INDEPENDENT AUDITOR'S REPORT

To the Board Directors
Eagle Valley Land Trust
Avon, Colorado

I have audited the accompanying financial statements of the Eagle Valley Land Trust (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

I did not audit the financial statements of the Eagle Valley Land Trust as of December 31, 2011. Those statements were audited by other auditors whose report has been furnished to me, and my opinion, insofar as it related to the amounts included as of December 31, 2011 and the year then ended is based solely on the report of the other auditors.

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
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. I believe that the audit evidence I have obtained, when combined with the report of the other auditors, is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, based on my audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Eagle Valley Land Trust as of December 31, 2012, 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.

Lathrop Financial Services, LLC
Edwards, Colorado
June 20, 2013

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Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2012
(With Comparative Totals at December 31, 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Totals	Totals
Assets:				
Cash and cash equivalents	$ 292,414	$ 144,307	$ 436,721	$433,691
Investments	115,086	445,358	560,444	509,841
Receivables	-	7,800	7,800	500
Reimbursable Project Costs	-	13,350	13,350	906
Due (to) from other category	130,773	(130,773)	-	-
Prepaid expenses	6,065	-	6,065	2,450
Fixed assets, net of accumulated depreciation	-	-		
Total Assets	$ 544,338	$ 480,042	$ 1,024,380	$947,388
Liabilities and Net Assets:				
Liabilities:				
Accounts payable and accrued liabilities	$ 7,336	$ 5,070	$ 12,406	$ 3,373
Deferred Revenue	8,000		8,000	-
Total Liabilities	15,336	5,070	20,406	3,373
Net Assets:				
Unrestricted net assets	407,107		407,107	327,177
Unrestricted net assets - Designated by Board for monitoring, protecting, and acquiring easements	121,895		121,895	121,895
Temporarily restricted net assets		474,972	474,972	494,943
Total Net Assets	529,002	474,972	1,003,974	944,015
Total Liabilities and Net Assets	$ 544,338	$ 480,042	$ 1,024,380	$947,388

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, 2012
(With Comparative Totals For the Year Ended December 31, 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Totals	Totals
Support and Revenues:				
General contributions	$ 231,732	$ -	$ 231,732	$ 172,593
Contributions for acquisition and preservation of easements	-	10,919	10,919	118,163
Donated goods and services	78,930	-	78,930	58,748
Fundraising events	89,287	-	89,287	63,184
Program-related revenues	-	52,522	52,522	42,570
Grants	14,032	(1,500)	12,532	31,975
Investment income	6,555	39,794	46,349	2,307
Net assets released from restrictions	117,806	(117,806)	-	-
Total Support and Revenues	538,342	(16,071)	522,271	489,540
Expenses:				
Salaries and wages	195,464	-	195,464	136,460
Employee benefits	24,681	-	24,681	20,341
Payroll taxes	15,182	-	15,182	10,979
Bank charges	1,336	-	1,336	814
Board expenses	-	-	-	1,017
Seminars and classes	3,385	-	3,385	3,096
Depreciation	-	-	-	441
Insurance	3,755	-	3,755	4,482
Memberships, dues and subscriptions	2,425	-	2,425	3,817
Office supplies and equipment	5,335	-	5,335	4,149
Postage and delivery	3,884	-	3,884	1,158
Printing and publications	7,814	-	7,814	4,118
Professional fees	47,239	-	47,239	66,888
Rent and common costs	8,900	-	8,900	8,400
Telephone	857	-	857	716
Travel and entertainment	2,941	-	2,941	2,198
Miscellaneous	10,804	-	10,804	6,799
Donated goods and services - Fundraising events	71,731	-	71,731	51,850
Donated goods and services - Other	7,200	-	7,200	6,898
Fundraising events	49,379	-	49,379	33,548
Total Expenses	462,312	-	462,312	368,169
Change in Net Assets	76,030	(16,071)	59,959	121,371
Net Assets - Beginning of Year	452,972	491,043	944,015	822,644
Net Assets - End of Year	$ 529,002	$ 474,972	$ 1,003,974	$ 944,015

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, 2012
(With Comparative Totals For the Year Ended December 31, 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Totals	Totals
Cash Flows from Operating Activities:				
Contributions and grants received	$ 344,456	$ (11,731)	$ 332,725	$ 386,415
Cash received from investment income	6,555	39,794	46,349	7,789
Other cash receipts (payments)	-	52,522	52,522	42,570
Cash paid for goods and services	(153,206)	5,070	(148,136)	(146,112)
Cash paid for labor and employee benefits	(229,827)	-	(229,827)	(167,780)
Released from restrictions	80,660	(80,660)	-	-
Net Cash Provided (Used) by Operating Activities	48,638	4,995	53,633	122,882
Cash Flows from Investing Activities:				
Cash paid to purchase investments	(102,622)	(177,743)	(280,365)	(432,264)
Cash received on sale/redemption of investments	108,649	121,113	229,762	550,473
Net Cash Provided (Used) by Investing Activities	6,027	(56,630)	(50,603)	118,209
Net Increase (Decrease) in Cash and Cash Equivalents	54,665	(51,635)	3,030	241,091
Cash and Cash Equivalents - Beginning of Year	237,749	195,942	433,691	192,600
Cash and Cash Equivalents - End of Year	$ 292,414	$ 144,307	$ 436,721	$ 433,691
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Change in net assets	$ 76,030	$ (16,071)	$ 59,959	$ 121,371
Adjustments to reconcile:				
Depreciation	-	-	-	441
Interest accrued on investments	-	-	-	(4,708)
Unrealized (gain) loss on investments			-	9,333
Realized (gain) loss on investments			-	857
(Increase) decrease in accounts receivable	500	(7,800)	(7,300)	500
(Increase) decrease in reimbursable project costs	906	(13,350)	(12,444)	-
(Increase) decrease in prepaid expenses	(3,615)		(3,615)	(1,250)
Increase (decrease) in accounts payable and accruals	3,963	5,070	9,033	(3,662)
Increase (decrease) in deferred revenue	8,000		8,000	-
Change in inter-category balances	(37,146)	37,146	-	-
Total Adjustments	(27,392)	21,066	(6,326)	1,511
Net Cash Provided (Used) by Operating Activities	$ 48,638	$ 4,995	$ 53,633	$ 122,882

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

Eagle Valley Land Trust
(a Colorado Non-Profit Corporation)
Notes to Financial Statements
December 31, 2012

1. Organization

The Eagle Valley Land Trust (the "Trust") was incorporated in the State of Colorado as a nonprofit corporation, pursuant to Articles of Incorporation dated February 5, 1981, and amended October 23, 1995 and March 26, 2007. The Trust is governed by a 17 member volunteer board of directors. The Trust offices are located in Eagle-Vail, Colorado.

The Mission of the Eagle Valley Land Trust is to preserve forever our scenic vistas, open spaces, historic lands, waterways and wildlife habitat that represent the uniqueness of Eagle County for the enjoyment, education and benefit of all people who experience this special place.

The Trust holds conservation easements on 24 parcels of protected land consisting of over 6,400 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 Trust works with a variety of entities including private landowners, Eagle County Government, town governments, metro districts and numerous state and federal agencies.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

B. Basis of Presentation

In accordance with the principles prescribed by the Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", classification of the Trust's net assets and its support, revenues and expenses are based on the existence or absence of donor-impacted restrictions. As such, information regarding the Trust's financial position and activities are classified according to three net assets categories in accordance with donor imposed restrictions as follows:

- **Unrestricted net assets** consist of net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations.

- **Temporarily restricted net assets** represent net assets with a donor-imposed restriction that permits the donee organization to use up or expend the donated assets as specified and is satisfied either by the passage of time or by actions of the organization.

- **Permanently restricted net assets** represent gifts that have been restricted by the donor in perpetuity.

The Trust reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Trust's Board of Directors (the "Board") has designated a portion of the Land Protection Fund's unrestricted net assets to be used to fund monitoring, protecting, and acquiring future easement acquisitions. The Endowment Fund has been designated by the Board whereby the principal investment

may not be spent, and the accretion of the investment may be used for operations. These funds are considered unrestricted on the statement of financial position but are noted as designated net assets.

C. Contributions

The Trust accounts for contributions in accordance with the requirements of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made.* In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Unrestricted amounts are currently available at the discretion of the Board for use in the Trust's activities and those resources invested in buildings and equipment.

Temporarily restricted amounts are restricted by donors for specific operating purposes or with a stipulated time restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts.

D. Donated Property

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long these donated assets must be maintained, the Trust reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Trust reclassifies temporarily restricted net assets to unrestricted net assets at that time.

E. Cash and Cash Equivalents

The Trust considers all checking, savings and money market accounts, as well as all highly liquid investments with initial maturities of three months or less, to be cash equivalents.

F. Investments

The Trust invests certain funds in certificates of deposit, publicly-traded mutual funds, and publicly-traded equities. Because these investments are intended to fund future expenditures for acquisition, monitoring, and protection of easements, and may provide a ready source of cash when so required, such investments are classified as trading. Accordingly, these securities are reported on the financial statements at fair market value, and all realized and unrealized gains and losses are included in current period earnings. Investment income is unrestricted unless the earnings are restricted, either as to purpose or time period, by the donor of the original contribution.

U.S. generally accepted accounting principles require 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.

G. Concentration of Credit Risk

Financial instruments that potentially subject the Trust to concentrations of credit risk consist principally of cash and temporary cash investments in accounts at financial institutions. At times, cash balances held in financial institutions were in excess of federally insured limits. The Trust places its temporary cash investments with high credit quality financial institutions. Concentrations of credit risk with respect to investments is reduces by diversification, professional management, and limited exposure to any single investment.

H. Receivables and Reimbursable Project Costs

The Trust from time to time expends funds on target properties that it believes may be converted to a conservation easement in the future by the land owner. In some cases, there is a contractual agreement with the landowner for reimbursement of the expenditures, and in these situations the Trust records a receivable from the landowner. In other situations, the management of the Trust believes that there is a reasonable possibility that the landowner will reimburse these costs expended on the property, but there is no contractual obligation requiring the landowner to reimburse the Trust. In those situations, the Trust records the amounts expended as reimbursable project costs on the balance sheet. If the Trust subsequently determines that the costs will not be reimbursed, the costs are charged to expense.

I. Fixed Assets

Office equipment purchased by or donated to the 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.

J. Conservation Easements

The Trust is considered a "qualified organization" under section 170(h)(3) of the Internal Revenue Code (the "IRC") and may therefore accept donated conservation easements. Conservation easements, which represent a perpetual restriction on the use of land without transfer of ownership of the underlying property, are not reflected as assets of the Trust. The 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 Trust and public or private landowners through whom the landowners agree to abide by certain restrictions designed to preserve the open space or conservation value of their land. These agreements are binding on all landowners. The Trust accepted five (5) conservation easements during the year ended December 31, 2012 bringing the total number of easements in favor of The Trust to twenty four.

Upon accepting a conservation easement, the Trust assumes a perpetual obligation to monitor, at a minimum, on an annual basis, the affected property to ensure that the landowners comply with the restrictions in the easement. Further, the Trust is perpetually obligated to enforce provisions of the easements in the event of a violation to the terms of the easement. Enforcing an easement violation could involve costly legal or other expenses. The Trust has joined a national land trust alliance organization through which it has obtained insurance coverage to enhance its resources for any future need of legal defense. 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 of the restricted property. Because of this limited market and due to the obligations inherent in easement

ownership, the Trust easement holdings are not reflected in the accompanying financial statements either as assets or liabilities.

K. Income Taxes

The Trust is a non-profit organization as described in section 501(c)(3) of the IRC, and is thus exempt from federal and state income taxes.

L. Subsequent Events

Management has evaluated subsequent events through June 28, 2013, the date the financial statements were available to be released.

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

These financial statements include certain prior year comparative information which was audited by other auditors. It is presented here in total, but not by net asset class, and as such does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended December 31, 2011, from which such comparative totals were derived.

3. Investments

Investments at December 31, 2012 consisted of $560,444 of publicly-traded mutual funds and Exchange Traded funds.

The following schedule summarizes the investment return in the Statement of Activities for the year ended December 31, 2012:

	Unrestricted	Temporarily Restricted	Total
Interest income	$ 2,594	$ 13,358	$ 15,952
Net realized and unrealized gains (losses)	2,071	28,326	30,397
Total	$ 4,665	$ 41,684	$ 46,349

The fair values of assets measured on a recurring basis at December 31, 2012 are as follows:

	Fair Value	Quoted Prices in Active Markets (Level 1)
Publicly-traded mutual funds and Exchange Traded funds.	$560,444	$560,444
Total	$560,444	$560,444

4. Fixed Assets

Fixed assets at December 31, 2012 were comprised of the following:

Property and equipment	$ 19,534
Less: Accumulated depreciation	(19,534)
Total	$ 0

5. Board-Designated Net Assets

As noted in Note 2 B above, the Board from time to time designates certain assets to be restricted in their use. These assets are considered unrestricted as the restriction is not donor-based, but they are shown separately as unrestricted designated assets. At December 31, 2012, the Trust's unrestricted, Board-designated net assets consisted of the following:

	2012
Land Protection Fund	$ 21,895
Endowment Fund	100,000
Total	**$121,895**

The Endowment Fund has a designated corpus of $100,000 which cannot be drawn down or pledged as collateral for a loan or other liability. The corpus will grow at a cost of living adjustment ("COLA") as published annually by the US Bureau of Labor Statistics for the Rocky Mountain region, or such similar factor compounded annually. Interest earned on the Endowment Fund in excess of the COLA increase is not considered restricted and may be used for operating purposes if needed.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions that have been restricted by the donors for a specific or limited period of time or a stated purpose. At December 31, 2012, the Trust's temporarily restricted net assets consisted of the following:

Future easement acquisitions:	**2012**
Land Protection Fund	$ 177,023
Walter Kirch Memorial Fund	74,921
	251,944
Monitoring and protecting existing conservation easements	223,028
Total	$ 474,972

6. Operating Lease

The Trust has entered into an operating sub-lease agreement for office space in Eagle-Vail, Colorado. The lease term continues until June 30, 2014 and calls for a monthly rental of $700. During 2012, the Trust incurred rent expense totaling $8,400 under the terms of this lease arrangement.

7. Functional Classification of Expenses

Expenses by function for the year ended December 31, 2012 were as follows:

	2012
Program services	$ 118,746
Support services:	
Management and general	212,851
Fundraising	130,745
Total	**$** 462,312

8. Easements Held

At December 31, 2012, the Trust held the following 24 conservation easements. Easements added in 2012 are noted with *

Easement	Acreage
Held Solely by the Trust	
Arrowhead 1 - McCoy Springs	32.055
Buffehr Creek	9.29
* Creamery Ranch	24.00
RR	12.93
East Vail Waterfall	4.97
Eagle 1 - Johnson	23.72
Eagle 2 - Diamond Star I	1,450.00
Eagle 3 - Diamond Star **II**	180.00
* Homestead Open Space I	120.00
* Homestead Open Space II	18.00
* "L" Community Open Space	166.09
Lake Creek 1 - Casteel Creek	118.09
Lake Creek 2 - Webster	376.53
* Miller Ranch	32.50
Ptarmigan Road	5.39
Red Sandstone - Potato Patch	2.89
Spud Cellar	35.19
Taylor City	61.72
Yarmony Mountain	75.00
Co-held with Eagle County:	
Canyon Ranch - Bair Ranch	2,794.00
Derby Mesa - Gates Ranch	740.00
Eagle River Preserve	71.70
Meadow Creek	2.64
Co-held with Town of Gypsum:	
Constellation Ridge - Brightwater	95.00