Eagle Valley Land Trust

(A Colorado Non-Profit Corporation)

Financial Report

December 31, 2022

EAGLE VALLEY LAND TRUST

FOREVER. FOR ALL.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Eagle Valley Land Trust (the "Land Trust"), a Colorado non-profit corporation, which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Land Trust as of December 31, 2022, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 U.S. GAAP, 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 for one year after the date that the financial statements are issued.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Eagle Valley Land Trust
Edwards, Colorado

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 U.S. GAAS 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 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 U.S. GAAS, 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.

Emphasis of Matter with Respect to Adopting an Accounting Standard

As discussed in Note 19 to the financial statements, the Land Trust adopted Accounting Standards Update 2016-02, *Leases*, in 2022. Our conclusion is not modified with respect to this matters.

Report on Summarized Comparative Information

We have previously audited the Land Trust's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 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.
Avon, Colorado
December 11, 2023

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2022
(With Comparative Totals at December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals (Restated)
Assets:				
Cash and cash equivalents	1,323,112	235,711	1,558,823	1,738,053
Investments	1,168,141	2,663,967	3,832,108	4,991,535
Promises to give, net	-	-	-	22,980
Reimbursable project costs	975	-	975	-
Other accounts receivable	-	-	-	31,306
Investment in Land and Rivers program	870	-	870	26,987
Prepaid expenses	49,195	-	49,195	25,239
Due (to) from other category	(253,597)	253,597	-	-
Fixed assets, net of accumulated depreciation	3,121,404	-	3,121,404	-
Operating lease right-of-use asset, net of accumulated amortization	31,393	-	31,393	49,241
Total Assets	5,441,493	3,153,275	8,594,768	6,885,341
Liabilities and Net Assets:				
Liabilities:				
Accounts payable and accrued expenses	82,361	12,726	95,087	97,095
Deferred revenue	-	1,011,248	1,011,248	1,100,000
Operating lease liability	31,393	-	31,393	49,241
Loan payable	1,197,920	-	1,197,920	-
Total Liabilities	1,311,674	1,023,974	2,335,648	1,246,336
Net Assets	4,129,819	2,129,301	6,259,120	5,639,005
Total Liabilities and Net Assets	5,441,493	3,153,275	8,594,768	6,885,341

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, 2022
(With Comparative Totals For the Year Ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals (Restated)
Support and Revenues:				
General contributions	406,074	2,000	408,074	728,715
Contributions for conservation of land	-	83,575	83,575	2,641
Contributions for acquisition of property	-	1,529,573	1,529,573	-
Program-related revenues	17,378	26,877	44,255	213,563
Grants:				
Other	39,642	-	39,642	37,563
Investment return, net	(546,313)	(388,352)	(934,665)	471,635
Contributed nonfinancial assets	29,200	-	29,200	22,635
Fundraising events:				
Fundraising event revenues	291,357	-	291,357	237,341
Fundraising event expenses	(127,231)	-	(127,231)	(68,734)
Fundraising events, net	164,126	-	164,126	168,607
Miscellaneous	169	-	169	53,416
Net assets released from restrictions:				
Satisfaction of program restrictions	1,645,175	(1,645,175)	-	-
Total Support and Revenues	1,755,451	(391,502)	1,363,949	1,698,775
Expenses:				
Program services:				
Conservation of land	249,187	-	249,187	185,951
Stewardship, outreach, and education	250,100	-	250,100	223,522
	499,287	-	499,287	409,473
Administrative	99,363	-	99,363	70,783
Fundraising	145,184	-	145,184	80,383
Total Expenses	743,834	-	743,834	560,639
Change in Net Assets	1,011,617	(391,502)	620,115	1,138,136
Net Assets - Beginning of Year	3,118,202	2,520,803	5,639,005	4,500,869
Net Assets - End of Year	4,129,819	2,129,301	6,259,120	5,639,005

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, 2022
(With Comparative Totals For the Year Ended December 31, 2021)

	2022						2021
	Program Services			Supporting Services			
	Conservation of Land	Stewardship, Outreach and Education	Total	Administrative	Fundraising	Totals	Totals (Restated)
Expenses:							
Payroll, taxes and benefits	93,238	201,139	294,377	37,410	50,320	382,107	324,779
Bank charges	35	-	35	1,402	1,771	3,208	2,068
Board expenses	-	-	-	3,351	-	3,351	1,886
Seminars and classes	8,872	6,024	14,896	1,120	1,507	17,523	1,340
Insurance	2,532	5,462	7,994	1,016	1,366	10,376	6,762
Membership, dues and subscriptions	3,484	6,968	10,452	-	3,703	14,155	13,086
Advertising	-	2,377	2,377	4,329	680	7,386	11,666
Licenses and permits	59,326	900	60,226	40	-	60,266	530
Office costs	3,746	8,232	11,978	1,858	2,695	16,531	8,477
Postage and delivery	-	564	564	2	966	1,532	1,895
Printing and publications	1,464	1,146	2,610	213	287	3,110	2,750
Mailing house services	-	-	-	-	8,974	8,974	8,122
Professional fees	22,445	2,972	25,417	36,800	48,006	110,223	49,009
Rent and occupancy	3,416	7,937	11,353	2,558	4,089	18,000	18,000
Travel and entertainment	5,662	2,979	8,641	530	354	9,525	5,979
Donated goods and services	-	-	-	8,734	20,466	29,200	22,635
Repair and maintenance	44,967	3,400	48,367	-	-	48,367	2,155
Bad debt expense	-	-	-	-	-	-	79,500
Total Expenses	249,187	250,100	499,287	99,363	145,184	743,834	560,639

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, 2022
(With Comparative Totals For the Year Ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
Cash Flows from Operating Activities:				
Contributions / grants received for acquisition / preservation of land	-	21,700	21,700	1,102,641
Other contributions and grants received	498,621	892,408	1,391,029	848,708
Cash received from programs	13,900	-	13,900	153,496
Cash received from fundraising events (net)	291,357	-	291,357	168,607
Other cash receipts (payments)	30,169	12,557	42,726	45,451
Cash paid for goods and services	(508,411)	-	(508,411)	(314,596)
Cash paid for conservation of land	-	-	-	-
Cash paid for labor and employee benefits	(366,536)	-	(366,536)	(324,889)
Released from restrictions / inter-category	1,776,204	(1,776,204)	-	-
Cash received from interest and dividends	32,046	42,072	74,118	134,458
Interest paid	(5,438)	-	(5,438)	-
Net Cash Provided (Used) by Operating Activities	1,761,912	(807,467)	954,445	1,813,876
Cash Flows from Investing Activities:				
Cash received on sale/redemption of investments	1,920,134	1,402,029	3,322,163	2,134,089
Cash paid to purchase investments	(1,571,965)	(960,389)	(2,532,354)	(3,454,197)
Cash paid to purchase fixed assets	(1,921,404)	-	(1,921,404)	-
Net Cash Provided (Used) by Investing Activities	(1,573,235)	441,640	(1,131,595)	(1,320,108)
Cash Flows From Financing Activities:				
Repayment of principal on long-term debt	(2,080)	-	(2,080)	-
Net Cash Provided (Used) by Financing Activities	(2,080)	-	(2,080)	-
Net Increase (Decrease) in Cash and Cash Equivalents	186,597	(365,827)	(179,230)	493,768
Cash and Cash Equivalents - Beginning of Year	1,136,515	601,538	1,738,053	1,244,285
Cash and Cash Equivalents - End of Year	1,323,112	235,711	1,558,823	1,738,053
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Change in net assets	1,011,617	(391,502)	620,115	1,138,136
Adjustments to reconcile:				
Unrealized (gain) loss on investments	442,053	307,265	749,318	(64,737)
Realized (gain) loss on investments	136,306	123,159	259,465	(272,440)
Donated securities	-	(639,165)	(639,165)	-
PPP loan forgiveness	-	-	-	(53,292)
(Increase) decrease in joint venture investment	26,117	-	26,117	(26,987)
(Increase) decrease in net promises to give	22,980	-	22,980	74,620
(Increase) decrease in reimbursable project costs	(975)	-	(975)	7,377
(Increase) decrease in other accounts receivable	31,306	-	31,306	6,429
(Increase) decrease in prepaid expenses	(23,956)	-	(23,956)	(24,239)
Increase (decrease) in accounts payable and accrued expenses	(14,565)	12,557	(2,008)	(70,991)
Increase (decrease) in deferred revenue	-	(88,752)	(88,752)	1,100,000
Change in due (to) from other category	131,029	(131,029)	-	-
Total Adjustments	750,295	(415,965)	334,330	675,740
Net Cash Provided (Used) by Operating Activities	1,761,912	(807,467)	954,445	1,813,876
Non-Cash Investing and Financing Activities:				
Acquisition of fixed assets financed by long-term debt	1,200,000	-	1,200,000	-

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

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 39 parcels of protected land consisting of approximately 13,540 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.

As detailed in Note 16, the Land Trust held a total of 39 conservation easements at December 31, 2022; unchanged from the preceding year-end.

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.

3. Summary of Significant Accounting Policies (continued)

B. 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.

C. 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.

D. 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.

E. 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.

3. Summary of Significant Accounting Policies (continued)

E. Receivables and Allowance for Doubtful Accounts (continued)

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, 2022, the Land Trust did not incur bad debt expense related to uncollected accounts and no allowance for uncollectible amounts was considered necessary by the Land Trust's management.

F. Fixed Assets

Fixed assets are stated at cost or fair value on the date of donation, if donated. Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Building	39 years
Property and equipment	3 - 5 years

G. Operating Lease Right-of-Use Asset and Liability

The Land Trust is the lessee for a non-cancellable lease of property, as further described in Note 6. In such arrangements, the Land Trust recognizes a right-of-use asset (and corresponding lease liability) with an initial, individual value of $10,000 or more. Right-of-use lease assets and lease liabilities are reported on the Statement of Financial Position.

At the commencement of the lease, the Land Trust initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The right-of-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the right-of-use asset is amortized in conjunction with the lease liability principal payment amortization schedule.

Key estimates and judgments related to leases include how the Land Trust determines the following:

Discount Rate: The Land Trust uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to the present value. When the interest rate charged by the lessor is not provided, the Land Trust uses a United States Treasury bond rate which bond term approximates the term of the lease.

Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the Land Trust is reasonably certain to exercise.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed payments.

3. Summary of Significant Accounting Policies (continued)

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 Recognition

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.

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.

The Land Trust also derives revenues from program-related fees within the fiscal year in which the related program services are provided. The Land Trust may receive program funding from various individual, governmental or corporate sources in exchange for an equivalent benefit in return. Revenues from such exchange transactions are recognized as related costs to the program funding are incurred.

J. Advertising

Advertising costs are expensed as incurred. Advertising expense for 2022 totaled $7,386.

3. Summary of Significant Accounting Policies (continued)

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, and occupancy costs. 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. Occupancy costs, including amortization of right-of-use assets, are 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 2019.

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, 2021, from which the comparative totals were derived.

O. Subsequent Events

Management has evaluated subsequent events through December 11, 2023; the date these financial statements were available to be issued.

4. Investments

Investments are stated at their estimated fair values. The Land Trust's investment assets are dedicated to providing the financial resources needed to meet the Land Trust's charitable objectives. The Land Trust's investments are managed by an independent professional investment management firm and are held in various investment structures such as certificates of deposit, publicly-traded mutual funds, unit investment trusts, and publicly-traded equities. Investments in equity securities fluctuate in value in response to many factors; such as the activities and financial condition of individual companies, business and industry market conditions and the general economic environment. The value of fixed income securities fluctuates in response to changing interest rates, creditworthiness of issuers and overall economic policies that impact market conditions.

The fair values of the Land Trust's investments measured on a recurring basis at December 31, 2022 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)
Equities, and options	$ 398,465	398,465	-	-
Mutual funds, ETFs, and closed-end funds	3,403,685	3,316,080	87,605	-
Certificates of deposit	29,958	29,958	-	-
Total	$ 3,832,108	3,744,503	87,605	-

The Land Trust's investment income for 2022 is summarized as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 45,715	54,640	100,355
Realized gains (losses)	(136,306)	(123,159)	(259,465)
Unrealized gains (losses)	(442,053)	(307,265)	(749,318)
	(532,644)	(375,784)	(908,428)
Less: Investment management and advisory fees	(13,669)	(12,568)	(26,237)
Net investment return	$ (546,313)	(388,352)	(934,665)

5. Fixed Assets

Land	$ 931,143
Construction in progress	2,190,261
Property and equipment	13,319
At cost	3,134,723
Less: Accumulated depreciation	(13,319)
Fixed assets, net	$ 3,121,404

Depreciation expense for 2022 was $0.

6. Operating Lease Liability and Lease Expenses

A. Operating Lease Liability

Effective August 2015, the Land Trust entered into a three-year operating lease agreement for office space in Edwards, Colorado. The lease called for monthly rent of $1,000 for the term of the lease and provided the Land Trust with the option of extending the arrangement for an additional three-year term.

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 called for monthly rent of $1,100 for the extended term of the lease.

In June 2019, the parties amended the lease agreement to extend the term for three years and two months, ending September 30, 2022, and to add additional office space. The amended lease calls for monthly rent of $1,500 for the extended term of the lease.

In March 2021, the parties amended the lease agreement to extend the term for two years, ending September 30, 2024, but providing the Land Trust with the option to terminate the lease, upon specified notice, effective September 30, 2023. The amended lease calls for monthly rent of $1,500 for the extended term of the lease.

The operating lease liability is measured using an estimated incremental borrowing rate of 0.37%.

During 2022, the Land Trust repaid $17,848 against the operating lease liability and incurred $18,000 in lease expense in respect of the lease. At December 31, 2022, the Land Trust's liability for lease payments was $31,393. The value of the right-of-use asset at December 31, 2022 was $67,044 and had accumulated amortization of $35,651.

The following is a schedule of future undiscounted cash flows of the operating lease payments, reconciled to the operating lease liability at December 31, 2022:

Year ending December 31,		
2023	$	18,000
2024		13,500
Total - Future undiscounted cash payments		31,500
Discounted to December 31, 2022		(107)
Total operating lease liability	$	31,393

6. Operating Lease Liability and Lease Expenses (continued)

B. Lease Expenses

The Land Trust recognizes lease expenses under Rent and Occupancy expense on the Statement of Functional Expenses. Other quantitative lease information as of and for the year ended December 31, 2022 is as follows:

Lease costs:	
Operating lease costs	$ 18,000
Total lease costs	$ 18,000
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 18,000
Weighted-average remaining lease term - operating leases	1.75 years
Weighted average discount rate - operating leases	0.37%

7. Loans Payable

In May 2020, the Land Trust executed a promissory note with ANB Bank, under the United States Small Business Administration's (the "SBA") Payroll Protection Program, in the amount of $53,292 (the "PPP Loan"). The PPP Loan, which was unsecured and bears interest at 1% per annum, was to mature in May 2022. No payments were due for the first six months of the loan term. The PPP Loan and related interest was forgivable provided the Land Trust used the proceeds for qualified purposes within the timeframe prescribed by the Payroll Protection Program. In March 2021, the PPP Loan and related interest was forgiven in full by the SBA, and reported as Miscellaneous Income for 2021.

In November 2022, the Land Trust executed a promissory note with Alpine Bank in the amount of $1,200,000 (the "Note"). The Note, which is secured by real property located in Edwards, Colorado, bears interest at 5.625% per annum and matures in November 2029. The note calls for 83 monthly payments of $7,518 and one irregular last payment estimated at $1,021,088.

Future maturities of loans payable are as follows as of December 31, 2022:

Year ending December 31,	
2023	$ 22,477
2024	23,602
2025	25,175
2026	26,649
2027	28,209
Thereafter	1,071,808
	$ 1,197,920

8. 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 quasi-endowment.

The Land Trust's financial assets available within one year from December 31, 2022 for general expenditures are as follows:

Cash and cash equivalents	$ 1,323,112
Short-term investments	1,168,141
Reimbursable project costs	975
	$ 2,492,228

9. Endowments

Net assets associated with endowments, including funds designated by the Board to function as an endowment, 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.

A. Donor-Restricted Endowment

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, with the remainder used for operations. The donor-restricted endowment 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 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 Land Trust's donor-restricted endowment was comprised of the following at December 31, 2022:

	With Donor Restrictions
Donor-Restricted Endowment:	
Corpus of endowment (required by donor to be maintained in perpetuity)	$ 570,669

9. Endowments (continued)

A. Donor-Restricted Endowment (continued)

Changes in the Land Trust's donor-restricted endowment net assets during 2022 were as follows:

	With Donor Restrictions
Donor-Restricted Endowment:	
Net assets - Beginning of year	$ 570,669
Net assets - End of year	$ 570,669

B. Board-Designated Quasi-Endowment

The Board has designated net assets totaling $1,032,019 as of December 31, 2022 (from net assets without donor restrictions of $4,129,819) for the purpose of a quasi-endowment. The Land Trust's policy governing the Board-designated quasi-endowment requires that the corpus is not to be spent or pledged as collateral for a loan or other liability; however, balances in excess of the corpus may be used for operations upon approval by a 2/3 majority of Finance Committee or the Board.

The Board-designated quasi-endowment was comprised of the following at December 31, 2022:

	Without Donor Restrictions
Board-Designated Quasi-Endowment:	
Original Board-designated corpus	$ 869,843
Accumulated investment gains	162,176
Total	$ 1,032,019

Changes in the Land Trust's Board-designated quasi-endowment during 2022 were as follows:

	Without Donor Restrictions
Board-Designated Quasi-Endowment:	
Net assets - Beginning of year	$ 1,117,291
Investment return, net	(381,546)
Contributions	296,274
Net assets - End of year	$ 1,032,019

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

At December 31, 2022, the Land Trust had the following net assets without donor restrictions and with donor restrictions:

Without donor restrictions:	
Undesignated	$ 3,097,800
Board-designated quasi-endowment	1,032,019
Total net assets without donor restrictions	$ 4,129,819
With donor restrictions:	
Purpose restrictions:	
Future easement acquisitions:	
Land Protection Fund	$ 69,302
Heart of the Valley Fund	68,110
Our Valley Fund	52,958
Walter Kirch Memorial Fund	77,197
	267,567
Stewardship of existing conservation easements	1,018,218
Legal defense of existing conservation easements	272,847
	1,558,632
Perpetual in nature:	
Corpus of donor-restricted endowment	570,669
Total net assets with donor restrictions	$ 2,129,301

11. Revenue from Contracts with Customers

For the year ended December 31, 2022, revenue recognized for goods transferred or performance obligations met at a point in time were $152,945. There were no revenues recognized for goods transferred or performance obligations met over time during 2022. Revenues may be affected by general economic conditions and inflationary pressures. Revenues are primarily collected from governments or individual property owners.

12. 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 $14,000 for calendar year 2022. 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 2022, the Land Trust made matching contributions totaling $7,673 to the SIMPLE Plan.

13. Contributed Nonfinancial Assets

For the year ended December 31, 2022, contributed nonfinancial assets recognized within the Statement of Activities were as follows:

Nonfinancial assets	Revenue Recognized	How Utilized	Donor Restrictions	Valuation Technique
Professional services	$ 8,734	Administrative	No associated restrictions	Contributed services are valued at the estimated fair value based on current rates.
Fundraising events - Auction items	20,466	Fundraising events	No associated restrictions	Fair market value at donation
	$ 29,200			

14. Related Party Transactions

During 2022, members of the Land Trust's Board were party to transactions with the Land Trust – primarily contributions or pledges of support and other activities – on a basis and manner consistent with similar transactions with other donors to the Land Trust. Aggregate contributions from Board members totaled $514,566 during the year ended December 31, 2022.

15. 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, 2022, the Land Trust's uninsured cash balances totaled $460,335.

16. Easements Held

At December 31, 2022, the Land Trust held the following 39 conservation easements.

Easement	Acreage
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	4.35
Mulroy Ranch	1,908.00
Ridgeway	131.00
Walking Mountains - Sweetwater	224.13
Subtotal	9,908.29

16. Easements (continued)

Easement	Acreage
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	13,539.93

17. Land & Rivers Fund – Joint Venture

On November 13, 2020, the Land Trust entered into a Joint Venture agreement with Eagle River Watershed Council ("ERWC") to jointly invest and set up a joint venture enterprise called the Land & Rivers Fund (the "L&R Fund" or the "Program"). The Program involves a voluntary donation, typically 1%, assessed to customers at checkout at participating businesses. All donations received through the Program, after expenses, are to be used directly by the Land Trust and ERWC (collectively, the "members") within the Eagle River and Colorado River watersheds to help fund their objectives of promoting and protecting clean water and responsible growth through restoration and conservation of open space, agricultural operations, fish and wildlife habitat, public recreation, scenic vistas, and significant natural resources. Funds of the Program will be distributed equally to the members on a quarterly basis.

The Land Trust uses the equity method to account for its 50% investment in the L&R Fund. At December 31, 2022, the Land Trust's 50% investment in the L&R fund was $870. There were no amounts included in accounts receivable of the Land Trust at December 31, 2022 that were due from the L& R Fund. The Land Trust earned $2,503 for their proportionate share of net income for the year-ended December 31, 2022. Transactions with the L&R Fund for 2022 consist of the following:

Program revenues	$ 92,761
Program expenses	(87,756)
Net income to be distributed equally	$ 5,005

18. Significant Transactions

A. Save the Lake

During 2019, the Land Trust started a "Save the Lake" fundraising campaign to assist The Conservation Fund in conserving the 488-acre Sweetwater Lake property from development. The Land Trust raised contributions totaling $599,247 for this campaign in 2019 through 2021, with an additional $110,452 collected in 2022 (recognized in the 2022 financial statements as donor-restricted *Contributions for conservation of land*). In June 2020, The Conservation Fund acquired the Sweetwater Lake property, with funding, in part, provided by $350,000 paid by the Land Trust from accumulated campaign fundraising on closing (recorded in *Grant expense for conservation* expense in 2020). Any funds raised by the Land Trust during the "Save the Lake" campaign beyond the initial property acquisition are dedicated for use in activating Sweetwater Lake for public use and enjoyment.

18. Significant Transactions (continued)

A. Save the Lake (continued)

In August 2021, The Conservation Fund transferred ownership of the Sweetwater Lake property to the United States Forest Service's ("USFS") White River National Forest, and in October 2021, Colorado Parks and Wildlife joined the USFS and the Land Trust to operate the property as Colorado's newest State Park.

The following is a summary of the Land Trust's "Save the Lake" campaign activity through December 31, 2022:

Contributions - 2019	$ 407,426
Investment income (loss) - 2019	5
Project expenses incurred - 2019	(884)
Donor-restricted net assets - "Save the Lake" - 12/31/2019	406,547
Contributions - 2020	189,630
Investment income (loss) - 2020	42
Project expenses incurred - 2020	(352,037)
Donor-restricted net assets - "Save the Lake" - 12/31/2020	244,182
Contributions - 2021	2,191
Investment income (loss) - 2021	(6,130)
Project expenses incurred - 2021	(86,843)
Donor-restricted net assets - "Save the Lake" - 12/31/2021	153,400
Contributions - 2022	110,452
Investment income (loss) - 2022	(148,399)
Project expenses incurred - 2022	(115,453)
Donor-restricted net assets - "Save the Lake" - 12/31/2022	$ -

In October 2021, The Conservation Fund ("TCF") granted the Land Trust $1,100,000 to assist in the management and stewardship of the Sweetwater Lake property. The funds are to be used solely for the purposes outlined in the Agreement, and the Land Trust is required to return any portion of funds not used in accordance with the Agreement. Under the terms of the Agreement, the Land Trust may charge an annual administrative fee of up to 3% of the corpus to cover staff time to administration of the grant funds. There is no deadline for the expenditure of funds. The unspent funds are reported as *Deferred revenue* in the Statement of Financial Position and are recognized as revenue on the Statement of Activities as eligible expenditures are incurred or the administrative fee is earned. During 2022, the Land Trust recognized $61,875 as donor-restricted *Contributions for conservation of land* and recognized $26,877 for the Land Trust's administrative fee as donor-restricted *Program-related revenues* paid from these funds.

B. Find a Home

During 2022, the Land Trust started a "Find a Home" fundraising campaign to assist in funding acquisition of a property to be used as a base for the Land Trust's offices. The Land Trust raised contributions totaling $1,529,573 for this campaign in 2022 (recognized in the 2022 financial statements as donor-restricted *Contributions for acquisition of property*). In November 2022, the Land Trust used the accumulated campaign funds to, in part, acquire a property located in Edwards, Colorado. Any additional funds raised by the Land Trust during the "Find a Home" campaign beyond the initial property acquisition are dedicated for use in setting up the acquired property for use as the Land Trust's future Community Conservation Center.

18. Significant Transactions (continued)

B. Find a Home (continued)

The following is a summary of the Land Trust's "Find a Home" campaign activity through December 31, 2022:

Contributions - 2022	$ 1,529,573
Investment income (loss) - 2022	114
Expended towards property acquisition - 2022	(1,529,687)
Donor-restricted net assets - "Find a Home" - 12/31/2022	$ -

19. New Accounting Standards

A. ASU 2016-02 – *Leases*

Effective January 1, 2022, the Land Trust adopted the new lease reporting guidance in Accounting Standards Update 2016-02, *Leases* ("ASU 2016-02"), issued by the Financial Accounting Standards Board. The Land Trust has elected to apply the "practical expedients" permitted in the accounting standard.

As a result of the adoption of ASU 2016-02, the Land Trust recognized on January 1, 2021 (the beginning of the earliest period presented) a lease liability of $67,044 which represents the present value of the remaining lease payments of $67,500, discounted using the Land Trust's incremental borrowing rate of 0.37%, and (b) and a right-of-use asset of $67,044, corresponding to the lease liability of $67,044. Accordingly, the Land Trust's comparative Statement of Financial Position as of December 31, 2021 has been restated to include the lease liability and right-of-use asset accounted for in accordance with ASU 2016-02 as of that date. There were no changes in amounts previously reported for *Net Assets* at December 31, 2021 or on the Statement of Activities for 2021 as a result of the implementation of ASU 2016-02.

B. ASU 2020-07 – *Contributed Nonfinancial Assets*

Effective January 1, 2022, the Land Trust adopted the new reporting guidance over "in-kind gifts" in Accounting Standards Update 2020-07, *Contributed Nonfinancial Assets* ("ASU 2020-07"), issued by the Financial Accounting Standards Board. ASU 2020-07 requires that contributed nonfinancial assets be separately reported on the Statement of Activities, as well as disclosure of a disaggregation of contributed nonfinancial assets, including descriptions of valuation techniques used, any donor-imposed restrictions on such gifts, and other qualitative matters.

As required by ASU 2020-07, the Land Trust has applied this new guidance on a retrospective basis to the comparative balances reported in the 2021 Statement of Activities and Statement of Functional Expenses. Consequently, 2021 contributed nonfinancial assets totaling $12,836 previously reported in *Fundraising event revenues* and *Fundraising event expenses* have been reported in the comparative 2021 column of the 2022 financial statements as *Donated goods and services* and included in both *Total Support and Revenues* for 2021 and *Total Expenses* for 2021. There were no changes to amounts previously reported for 2021 change in net assets, or in the Land Trust's 2021 Statement of Financial Position due to the implementation of ASU 2020-07.