

**Eagle Valley Land Trust**

**Financial Report**

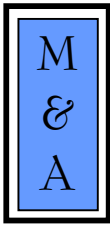
**December 31, 2008**



**Eagle Valley Land Trust  
(A Colorado Non-Profit Corporation)  
December 31, 2008**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Eagle Valley Land Trust, a Colorado non-profit corporation, as of December 31, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Eagle Valley Land Trust's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from Eagle Valley Land Trust's 2007 financial statements and, in our report dated March 9, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the change in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

**McMahan and Associates, L.L.C.  
May 11, 2009**

*Performing services for non-profit organizations throughout Colorado*

*D. Jerry McMahan, C.P.A.  
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**Eagle Valley Land Trust**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Financial Position**  
**December 31, 2008**  
**(With Comparative Totals at December 31, 2007)**

	<b>2008</b>			<b>2007</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Totals</b>	<b>Totals</b>
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	19,236	109,307	128,543	330,511
Investments	102,998	453,110	556,108	284,218
Receivables:				
Contributions, net	42,866	-	42,866	13,500
Due (to) from other category	26,915	(26,915)	-	-
Prepaid expenses	2,623	-	2,623	518
<b>Total current assets</b>	<u>194,638</u>	<u>535,502</u>	<u>730,140</u>	<u>628,747</u>
<b>Fixed assets, net of accumulated depreciation</b>	<u>7,665</u>	<u>-</u>	<u>7,665</u>	<u>13,102</u>
<b>Total Assets</b>	<u><u>202,303</u></u>	<u><u>535,502</u></u>	<u><u>737,805</u></u>	<u><u>641,849</u></u>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	<u>14,357</u>	<u>-</u>	<u>14,357</u>	<u>42,257</u>
<b>Total Liabilities</b>	<u>14,357</u>	<u>-</u>	<u>14,357</u>	<u>42,257</u>
<b>Net Assets:</b>				
Unrestricted net assets	166,051	-	166,051	206,657
Unrestricted net assets - Designated by Board for monitoring, protecting and acquiring easements	21,895	-	21,895	21,895
Temporarily restricted net assets	<u>-</u>	<u>535,502</u>	<u>535,502</u>	<u>371,040</u>
<b>Total Net Assets</b>	<u>187,946</u>	<u>535,502</u>	<u>723,448</u>	<u>599,592</u>
<b>Total Liabilities and Net Assets</b>	<u><u>202,303</u></u>	<u><u>535,502</u></u>	<u><u>737,805</u></u>	<u><u>641,849</u></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, 2008**  
**(With Comparative Totals For the Year Ended December 31, 2007)**

	<b>2008</b>			<b>2007</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Totals</b>	<b>Totals</b>
<b>Support and Revenues:</b>				
General contributions	196,782	-	196,782	206,955
Contributions for acquisition and preservation of easements	-	201,576	201,576	242,672
Program-related revenues	-	123,958	123,958	25,003
Donated goods and services	28,713	-	28,713	24,626
Grants	-	-	-	41,886
Fundraising events	68,893	1,696	70,589	62,973
Investment income	5,929	(17,280)	(11,351)	33,841
Net assets released from restrictions	145,488	(145,488)	-	-
<b>Total Support and Revenues</b>	<b>445,805</b>	<b>164,462</b>	<b>610,267</b>	<b>637,956</b>
<b>Expenses:</b>				
Salaries and wages	216,125	-	216,125	196,695
Employee benefits	28,497	-	28,497	27,943
Payroll taxes	16,375	-	16,375	15,106
Bank charges	1,177	-	1,177	893
Board expenses	14	-	14	2,545
Seminars and classes	2,317	-	2,317	1,660
Depreciation	5,437	-	5,437	6,392
Fundraising events	6,230	-	6,230	3,250
Insurance	3,745	-	3,745	4,019
Memberships, dues and subscriptions	2,297	-	2,297	2,415
Office supplies and equipment	9,203	-	9,203	9,789
Postage and delivery	3,610	-	3,610	4,324
Printing and publications	12,134	-	12,134	15,316
Professional fees	105,923	-	105,923	59,723
Rent and common costs	6,536	-	6,536	6,225
Telephone	6,133	-	6,133	5,214
Travel and entertainment	20,786	-	20,786	14,005
Miscellaneous	11,159	-	11,159	9,376
Grants to acquire conservation easements	-	-	-	302,850
Donated goods and services - Fundraising events	28,713	-	28,713	24,526
Donated goods and services - Other	-	-	-	100
<b>Total Expenses</b>	<b>486,411</b>	<b>-</b>	<b>486,411</b>	<b>712,366</b>
<b>Change in Net Assets</b>	<b>(40,606)</b>	<b>164,462</b>	<b>123,856</b>	<b>(74,410)</b>
<b>Net Assets - Beginning of Year</b>	<b>228,552</b>	<b>371,040</b>	<b>599,592</b>	<b>674,002</b>
<b>Net Assets - End of Year</b>	<b>187,946</b>	<b>535,502</b>	<b>723,448</b>	<b>599,592</b>

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, 2008**  
**(With Comparative Totals For the Year Ended December 31, 2007)**

	<b>2008</b>			<b>2007</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Totals</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Contributions and grants received	235,709	203,872	439,581	548,947
Cash received from investment income	1,802	11,802	13,604	28,849
Other cash receipts (payments)	-	123,958	123,958	25,003
Cash paid for goods and services	(221,269)	-	(221,269)	(412,626)
Cash paid for labor and employee benefits	(260,997)	-	(260,997)	(239,744)
Released from restrictions	178,253	(178,253)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(66,502)</u>	<u>161,379</u>	<u>94,877</u>	<u>(49,571)</u>
<b>Cash Flows from Investing Activities:</b>				
Cash paid to purchase investments	(100,000)	(413,578)	(513,578)	(279,226)
Cash received on sale/redemption of investments	110,293	106,440	216,733	322,346
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>10,293</u>	<u>(307,138)</u>	<u>(296,845)</u>	<u>43,120</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(56,209)	(145,759)	(201,968)	(6,451)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>75,445</u>	<u>255,066</u>	<u>330,511</u>	<u>336,962</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>19,236</u></u>	<u><u>109,307</u></u>	<u><u>128,543</u></u>	<u><u>330,511</u></u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>				
Change in net assets	<u>(40,606)</u>	<u>164,462</u>	<u>123,856</u>	<u>(74,410)</u>
<b>Adjustments to reconcile:</b>				
Depreciation	5,437	-	5,437	6,392
Interest accrued on investments	(4,127)	(8,879)	(13,006)	(4,992)
Unrealized (gain) loss on investments	-	37,961	37,961	-
(Increase) decrease in accounts receivable	(29,966)	600	(29,366)	(5,539)
(Increase) decrease in prepaid expenses	(2,105)	-	(2,105)	-
Increase (decrease) in accounts payable and accruals	(27,900)	-	(27,900)	28,978
Change in inter-category balances	32,765	(32,765)	-	-
<b>Total Adjustments</b>	<u>(25,896)</u>	<u>(3,083)</u>	<u>(28,979)</u>	<u>24,839</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>(66,502)</u></u>	<u><u>161,379</u></u>	<u><u>94,877</u></u>	<u><u>(49,571)</u></u>

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, 2008**

**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's stated purposes are as follows:

- i. To promote for the benefit of the general public the preservation and improvement of natural resources principally in, but not limited to, Eagle County, Colorado. These resources shall include land and water resources, the plant and animal life thereon, and unique scenic, agricultural, natural, and historic sites.
- ii. To engage in and promote the scientific study of, and education regarding, such natural resources.
- iii. To use all properties held or controlled by the Land Trust and the net earnings thereof for the benefit of the general public and for charitable, educational, recreational, conservation, scientific, and historical purposes.

The Land Trust is located in Gypsum, Colorado.

**2. 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.

**B. Support and Revenue**

Pledges and contributions receivable represent unconditional promises to give, and are recorded as received. Unconditional promises to give which are due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the stated 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.

Non-monetary donations are recorded at their fair values in the period received. Donated services are recorded at their fair values in the period received, provided that the services either create or enhance non-financial assets or the services are considered to be "professional" services which the Land Trust would otherwise be required to purchase. Other volunteer services are not recorded as in-kind donations.

**C. Cash and Cash Equivalents**

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

**Eagle Valley Land Trust**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2008**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**D. Investments**

The Land 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.

**E. Allowance for Doubtful Accounts**

The Land Trust establishes an allowance for possible future uncollectibility of accounts receivable when collection becomes doubtful. An allowance for doubtful accounts of \$1,179 has been recorded at December 31, 2008 to provide for the possibility of some balances not being collectible.

**F. 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 5-7 years.

**G. Conservation Easements**

The Land 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 Land Trust.

**H. Income Taxes**

The Land 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 on income which is directly related to its organizational purpose.

**I. Use of Estimates**

The preparation of financial statements to 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.

**Eagle Valley Land Trust**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2008**  
**(Continued)**

**2. Summary of Significant Accounting Policies (continued)**

**J. Comparative Information**

These 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 to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Land Trust's financial statements for the year ended December 31, 2007, from which such comparative totals were derived.

**3. Investments**

Certificates of deposit:

Maturing within one year, interest at 2.37% - 5.15% p.a.	\$ 411,931
Publicly-traded mutual funds	144,009
Publicly-traded equities	<u>168</u>
<b>Total</b>	<u><u>\$ 556,108</u></u>

The following schedule summarizes the investment return in the statement of activities:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Interest income	\$ 5,928	15,667	21,595
Net realized and unrealized gains (losses)	<u>1</u>	<u>(32,947)</u>	<u>(32,946)</u>
<b>Total</b>	<u><u>\$ 5,929</u></u>	<u><u>(17,280)</u></u>	<u><u>(11,351)</u></u>

**4. Fair Value Measurements**

The fair values of assets measured on a recurring basis at December 31, 2008 are as follows:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets (Level 1)</b>
Publicly-traded mutual funds	\$ 144,009	144,009
Publicly-traded equities	<u>167</u>	<u>167</u>
<b>Total</b>	<u><u>\$ 144,176</u></u>	<u><u>144,176</u></u>

**5. Fixed Assets**

Property and equipment	\$ 35,221
Less: Accumulated depreciation	<u>(27,556)</u>
<b>Total</b>	<u><u>\$ 7,665</u></u>

**Eagle Valley Land Trust**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2008**  
**(Continued)**

**6. 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, 2008, the Land Trust's temporarily restricted net assets consisted of the following:

Future easement acquisitions:	
Land Protection Fund	\$ 171,535
Walter Kirch Memorial Fund	69,389
	<u>240,924</u>
Monitoring and protecting existing conservation easements	<u>294,578</u>
<b>Total</b>	<b><u>\$ 535,502</u></b>

The Land Trust's Board has designated \$21,895 of unrestricted net assets to be used to fund future easement acquisitions.

In 2007, the Board authorized the transfer of \$106,148 from the Land Protection Fund to help pay for a conservation easement. In 2008, the full amount of the transfer was paid back to the Land Protection Fund with interest.

**7. Operating Leases**

On February 11, 2006, the Land Trust entered into a three year operating lease agreement for office space in Gypsum, Colorado. The lease requires the Land Trust to pay a base monthly rental of \$500 for the first year, with the monthly rent increasing by 5% on the anniversary date of the lease in each year thereafter. During 2008, the Land Trust incurred rent expense totaling \$6,536 under the terms of this lease arrangement.

**8. Functional Classification of Expenses**

Expenses by function for the year ended December 31, 2008 were as follows:

Program services	\$ 203,824
Support services:	
Management and general	132,965
Fundraising	<u>149,622</u>
<b>Total</b>	<b><u>\$ 486,411</u></b>

**Eagle Valley Land Trust**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**December 31, 2008**  
**(Continued)**

**9. Easements Held**

At December 31, 2008, the Land Trust held the following 18 conservation easements:

<u>Easement</u>	<u>Acres</u>
<b>Held by the Land Trust:</b>	
Arrowhead 1 - Arrowhead area	29.47
Buffehr Creek - Vail area	9.29
East Vail Waterfall - Vail area	4.97
Eagle 1 - Eagle area	23.72
Eagle 2 - East of Eagle	1,439.00
Eagle 3 - East of Eagle	180.68
Eagle River Preserve - Edwards area	71.70
Lake Creek 1 - West Lake Creek area	118.00
Lake Creek 2 - East Lake Creek area	376.52
Ptarmigan - Vail area	5.39
Red Sandstone - Vail area	2.89
Spud Cellar - Eagle area	35.19
Taylor City - Tennessee Pass area	61.72
Yarmony Mountain - Northern Eagle County	75.00
<b>Co-held with Eagle County:</b>	
Canyon Ranch - Western Eagle County area	2,794.00
Derby Mesa - Northwest Eagle County area	740.00
Meadow Creek - Vail area	2.60
<b>Co-held with Town of Gypsum:</b>	
Constellation Ridge - Gypsum area	95.00