

Eagle Valley Land Trust

Financial Report

December 31, 2010

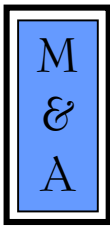


EAGLE VALLEY LAND TRUST

**Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
December 31, 2010**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Eagle Valley Land Trust, a Colorado non-profit corporation, as of December 31, 2010 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 2009 financial statements and, in our report dated August 11, 2010, 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, 2010, 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.
September 19, 2011**

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Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2010
(With Comparative Totals at December 31, 2009)

| | 2010 | | | 2009 |
|---|-----------------------|-------------------------------|-----------------------|-----------------------|
| | Unrestricted | Temporarily Restricted | Totals | Totals |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | 95,190 | 97,410 | 192,600 | 202,752 |
| Investments | 118,687 | 514,845 | 633,532 | 589,816 |
| Receivables: | | | | |
| Contributions, net | 1,906 | - | 1,906 | 9,642 |
| Due (to) from other category | 158,006 | (158,006) | - | - |
| Prepaid expenses | 1,200 | - | 1,200 | 1,200 |
| Total current assets | <u>374,989</u> | <u>454,249</u> | <u>829,238</u> | <u>803,410</u> |
| Fixed assets, net of accumulated depreciation | <u>441</u> | <u>-</u> | <u>441</u> | <u>2,087</u> |
| Total Assets | <u><u>375,430</u></u> | <u><u>454,249</u></u> | <u><u>829,679</u></u> | <u><u>805,497</u></u> |
| Liabilities and Net Assets: | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | <u>7,035</u> | <u>-</u> | <u>7,035</u> | <u>21,838</u> |
| Total Liabilities | <u>7,035</u> | <u>-</u> | <u>7,035</u> | <u>21,838</u> |
| Net Assets: | | | | |
| Unrestricted net assets | 246,500 | - | 246,500 | 171,894 |
| Unrestricted net assets - Designated by Board for monitoring, protecting, and acquiring easements | 121,895 | - | 121,895 | 121,895 |
| Temporarily restricted net assets | <u>-</u> | <u>454,249</u> | <u>454,249</u> | <u>489,870</u> |
| Total Net Assets | <u>368,395</u> | <u>454,249</u> | <u>822,644</u> | <u>783,659</u> |
| Total Liabilities and Net Assets | <u><u>375,430</u></u> | <u><u>454,249</u></u> | <u><u>829,679</u></u> | <u><u>805,497</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, 2010
(With Comparative Totals For the Year Ended December 31, 2009)

| | 2010 | | 2009 | |
|---|---------------------|-----------------------------------|----------------|----------------|
| | Unrestricted | Temporarily Restricted | Totals | Totals |
| Support and Revenues: | | | | |
| General contributions | 199,759 | - | 199,759 | 328,241 |
| Contributions for acquisition and preservation of easements | - | - | - | 11,269 |
| Program-related revenues | - | 15,397 | 15,397 | 56,562 |
| Donated goods and services | 76,602 | - | 76,602 | 148 |
| Grants | - | 5,000 | 5,000 | 500 |
| Fundraising events | 85,416 | - | 85,416 | 109,561 |
| Investment income | 2,228 | 22,066 | 24,294 | 43,684 |
| Gain (loss) on disposal of assets | 2,000 | - | 2,000 | - |
| Net assets released from restrictions | 78,084 | (78,084) | - | - |
| Total Support and Revenues | 444,089 | (35,621) | 408,468 | 549,965 |
| Expenses: | | | | |
| Salaries and wages | 130,331 | - | 130,331 | 214,565 |
| Employee benefits | 15,405 | - | 15,405 | 27,608 |
| Payroll taxes | 10,922 | - | 10,922 | 17,784 |
| Bank charges | 1,508 | - | 1,508 | 1,521 |
| Board expenses | 104 | - | 104 | - |
| Seminars and classes | 9,219 | - | 9,219 | 665 |
| Depreciation | 1,646 | - | 1,646 | 2,765 |
| Fundraising events | 35,826 | - | 35,826 | 45,735 |
| Insurance | 4,156 | - | 4,156 | 3,462 |
| Memberships, dues and subscriptions | 3,825 | - | 3,825 | 2,944 |
| Office supplies and equipment | 2,144 | - | 2,144 | 9,064 |
| Postage and delivery | 589 | - | 589 | 1,604 |
| Printing and publications | 3,338 | - | 3,338 | 2,562 |
| Professional fees | 47,804 | - | 47,804 | 67,201 |
| Rent and common costs | 8,412 | - | 8,412 | 6,933 |
| Telephone | 1,805 | - | 1,805 | 4,341 |
| Travel and entertainment | 1,866 | - | 1,866 | 6,557 |
| Miscellaneous | 13,981 | - | 13,981 | 74,295 |
| Donated goods and services - Fundraising events | 69,102 | - | 69,102 | 148 |
| Donated goods and services - Other | 7,500 | - | 7,500 | - |
| Total Expenses | 369,483 | - | 369,483 | 489,754 |
| Change in Net Assets | 74,606 | (35,621) | 38,985 | 60,211 |
| Net Assets - Beginning of Year | 293,789 | 489,870 | 783,659 | 723,448 |
| Net Assets - End of Year | 368,395 | 454,249 | 822,644 | 783,659 |

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, 2010
(With Comparative Totals For the Year Ended December 31, 2009)

| | 2010 | | | 2009 |
|--|----------------------|-------------------------------|-----------------------|-----------------------|
| | Unrestricted | Temporarily Restricted | Totals | Totals |
| Cash Flows from Operating Activities: | | | | |
| Contributions and grants received | 292,911 | 5,000 | 297,911 | 482,795 |
| Cash received from investment income | - | 3,546 | 3,546 | 4,697 |
| Other cash receipts (payments) | - | 15,397 | 15,397 | 56,562 |
| Cash paid for goods and services | (149,380) | - | (149,380) | (215,167) |
| Cash paid for labor and employee benefits | (156,658) | - | (156,658) | (259,957) |
| Released from restrictions | 35,785 | (35,785) | - | - |
| Net Cash Provided (Used) by Operating Activities | <u>22,658</u> | <u>(11,842)</u> | <u>10,816</u> | <u>68,930</u> |
| Cash Flows from Investing Activities: | | | | |
| Cash paid to purchase investments | (117,628) | (321,659) | (439,287) | (208,364) |
| Cash received on sale/redemption of investments | 102,628 | 313,691 | 416,319 | 213,643 |
| Cash received on disposition of fixed assets | 2,000 | - | 2,000 | - |
| Net Cash Provided (Used) by Investing Activities | <u>(13,000)</u> | <u>(7,968)</u> | <u>(20,968)</u> | <u>5,279</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 9,658 | (19,810) | (10,152) | 74,209 |
| Cash and Cash Equivalents - Beginning of Year | <u>85,532</u> | <u>117,220</u> | <u>202,752</u> | <u>128,543</u> |
| Cash and Cash Equivalents - End of Year | <u><u>95,190</u></u> | <u><u>97,410</u></u> | <u><u>192,600</u></u> | <u><u>202,752</u></u> |
| Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | | | |
| Change in net assets | 74,606 | (35,621) | 38,985 | 60,211 |
| Adjustments to reconcile: | | | | |
| Depreciation | 1,646 | - | 1,646 | 2,765 |
| (Gain) Loss on disposal of fixed assets | (2,000) | - | (2,000) | 2,813 |
| Interest accrued on investments | (2,228) | (5,854) | (8,082) | (11,521) |
| Unrealized (gain) loss on investments | - | (12,666) | (12,666) | (27,466) |
| (Increase) decrease in accounts receivable | 7,736 | - | 7,736 | 33,224 |
| (Increase) decrease in prepaid expenses | - | - | - | 1,423 |
| Increase (decrease) in accounts payable and accruals | (14,803) | - | (14,803) | 7,481 |
| Change in inter-category balances | (42,299) | 42,299 | - | - |
| Total Adjustments | <u>(51,948)</u> | <u>23,779</u> | <u>(28,169)</u> | <u>8,719</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>22,658</u></u> | <u><u>(11,842)</u></u> | <u><u>10,816</u></u> | <u><u>68,930</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, 2010

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 Avon, 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, 2010
(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.

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.

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 \$69,551 has been recorded at December 31, 2010 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 3-5 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. Subsequent Events

Management has evaluated subsequent events through September 19, 2011; the date these financial statements were available to be issued.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2010
(Continued)

2. Summary of Significant Accounting Policies (continued)

J. 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.

K. 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, 2009, from which such comparative totals were derived.

3. Investments

Certificates of deposit:

| | |
|--|--------------------------|
| Maturing within one year, interest at 1.20% - 2.20% p.a. | \$ 314,780 |
| Maturing within two years, interest at 1.95% p.a. | 118,687 |
| Publicly-traded mutual funds | 199,820 |
| Publicly-traded equities | <u>245</u> |
| Total | <u>\$ 633,532</u> |

The following schedule summarizes the investment return in the Statement of Activities:

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|------------------------|-----------------------------------|----------------------|
| Interest income | \$ 2,228 | 9,935 | 12,163 |
| Net realized and unrealized gains (losses) | <u>-</u> | <u>12,131</u> | <u>12,131</u> |
| Total | <u>\$ 2,228</u> | <u>22,066</u> | <u>24,294</u> |

The fair values of assets measured on a recurring basis at December 31, 2010 are as follows:

| | <u>Fair Value</u> | <u>Quoted Prices in Active Markets (Level 1)</u> |
|------------------------------|--------------------------|--|
| Publicly-traded mutual funds | \$ 199,820 | 199,820 |
| Publicly-traded equities | <u>245</u> | <u>245</u> |
| Total | <u>\$ 200,065</u> | <u>200,065</u> |

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2010
(Continued)

4. Fixed Assets

| | |
|--------------------------------|----------------------|
| Property and equipment | \$ 19,534 |
| Less: Accumulated depreciation | <u>(19,093)</u> |
| Total | <u>\$ 441</u> |

5. Board-Designated Net Assets

The Land 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. At December 31, 2010, the Land Trust's unrestricted, Board-designated net assets consisted of the following:

| | |
|----------------------|--------------------------|
| Land Protection Fund | \$ 21,895 |
| Endowment Fund | <u>100,000</u> |
| Total | <u>\$ 121,895</u> |

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, 2010, the Land Trust's temporarily restricted net assets consisted of the following:

| | |
|---|--------------------------|
| Future easement acquisitions: | |
| Land Protection Fund | \$ 167,655 |
| Walter Kirch Memorial Fund | <u>73,824</u> |
| | 241,479 |
| Monitoring and protecting existing conservation easements | <u>212,770</u> |
| Total | <u>\$ 454,249</u> |

7. Operating Lease

In July 2009, the Land Trust entered into a two year operating lease agreement for office space in Eagle-Vail, Colorado. The lease requires the Land Trust to pay a base monthly rental of \$700. During 2010, the Land Trust incurred rent expense totaling \$8,412 under the terms of this lease arrangement.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2010
(Continued)

8. Functional Classification of Expenses

Expenses by function for the year ended December 31, 2010 were as follows:

| | |
|------------------------|--------------------------|
| Program services | \$ 63,722 |
| Support services: | |
| Management and general | 146,606 |
| Fundraising | <u>159,155</u> |
| Total | <u>\$ 369,483</u> |

9. Easements Held

At December 31, 2010, the Land Trust held the following 19 conservation easements:

| <u>Easement</u> | <u>Acreage</u> |
|-------------------------------------|----------------|
| Held by the Land Trust: | |
| Arrowhead 1 - McCoy Springs | 32.055 |
| Buffehr Creek | 9.29 |
| 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 |
| Lake Creek 1 - Casteel Creek | 118.09 |
| Lake Creek 2 - Webster | 376.53 |
| 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 |

10. Subsequent Events

The Miller Ranch Easement has been approved and voted on by the Eagle County Board of County Commissioners; however, at the date these financial statements were available to be issued, the Deed of Conservation Easement had yet to be signed.