

Eagle Valley Land Trust

Financial Report

December 31, 2011

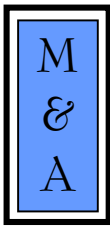


EAGLE VALLEY LAND TRUST

**Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
December 31, 2011**

Table of Contents

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 – 9



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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, 2011 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 2010 financial statements and, in our report dated September 19, 2011, 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, 2011, 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.
July 17, 2012**

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Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Statement of Financial Position
December 31, 2011
(With Comparative Totals at December 31, 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Totals	Totals
Assets:				
Current assets:				
Cash and cash equivalents	237,749	195,942	433,691	192,600
Investments	121,113	388,728	509,841	633,532
Receivables:				
Contributions, net	1,406	-	1,406	1,906
Due (to) from other category	93,627	(93,627)	-	-
Prepaid expenses	2,450	-	2,450	1,200
Total current assets	<u>456,345</u>	<u>491,043</u>	<u>947,388</u>	<u>829,238</u>
Fixed assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>441</u>
Total Assets	<u><u>456,345</u></u>	<u><u>491,043</u></u>	<u><u>947,388</u></u>	<u><u>829,679</u></u>
Liabilities and Net Assets:				
Liabilities:				
Accounts payable and accrued liabilities	3,373	-	3,373	7,035
Total Liabilities	<u>3,373</u>	<u>-</u>	<u>3,373</u>	<u>7,035</u>
Net Assets:				
Unrestricted net assets	331,077	-	331,077	246,500
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>491,043</u>	<u>491,043</u>	<u>454,249</u>
Total Net Assets	<u>452,972</u>	<u>491,043</u>	<u>944,015</u>	<u>822,644</u>
Total Liabilities and Net Assets	<u><u>456,345</u></u>	<u><u>491,043</u></u>	<u><u>947,388</u></u>	<u><u>829,679</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, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	2011		2010
	Unrestricted	Temporarily Restricted	Totals
Support and Revenues:			Totals
General contributions	172,593	-	172,593
Contributions for acquisition and preservation of easements	-	118,163	-
Donated goods and services	58,748	-	58,748
Fundraising events	63,184	-	63,184
Program-related revenues	-	42,570	42,570
Grants	7,000	24,975	31,975
Investment income	2,426	(119)	2,307
Gain (loss) on disposal of assets	-	-	-
Net assets released from restrictions	148,795	(148,795)	-
Total Support and Revenues	452,746	36,794	489,540
Expenses:			
Salaries and wages	136,460	-	136,460
Employee benefits	20,341	-	20,341
Payroll taxes	10,979	-	10,979
Bank charges	814	-	814
Board expenses	1,017	-	1,017
Seminars and classes	3,096	-	3,096
Depreciation	441	-	441
Insurance	4,482	-	4,482
Memberships, dues and subscriptions	3,817	-	3,817
Office supplies and equipment	4,149	-	4,149
Postage and delivery	1,158	-	1,158
Printing and publications	4,118	-	4,118
Professional fees	66,888	-	66,888
Rent and common costs	8,400	-	8,400
Telephone	716	-	716
Travel and entertainment	2,198	-	2,198
Miscellaneous	6,799	-	6,799
Donated goods and services - Fundraising events	51,850	-	51,850
Donated goods and services - Other	6,898	-	6,898
Fundraising events	33,548	-	33,548
Total Expenses	368,169	-	368,169
Change in Net Assets	84,577	36,794	121,371
Net Assets - Beginning of Year	368,395	454,249	822,644
Net Assets - End of Year	452,972	491,043	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, 2011
(With Comparative Totals For the Year Ended December 31, 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Totals	Totals
Cash Flows from Operating Activities:				
Contributions and grants received	243,277	143,138	386,415	297,911
Cash received from investment income	-	7,789	7,789	3,546
Other cash receipts (payments)	-	42,570	42,570	15,397
Cash paid for goods and services	(146,112)	-	(146,112)	(149,380)
Cash paid for labor and employee benefits	(167,780)	-	(167,780)	(156,658)
Released from restrictions	213,174	(213,174)	-	-
Net Cash Provided (Used) by Operating Activities	<u>142,559</u>	<u>(19,677)</u>	<u>122,882</u>	<u>10,816</u>
Cash Flows from Investing Activities:				
Cash paid to purchase investments	-	(432,264)	(432,264)	(439,287)
Cash received on sale/redemption of investments	-	550,473	550,473	416,319
Cash received on disposition of fixed assets	-	-	-	2,000
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>118,209</u>	<u>118,209</u>	<u>(20,968)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	142,559	98,532	241,091	(10,152)
Cash and Cash Equivalents - Beginning of Year	<u>95,190</u>	<u>97,410</u>	<u>192,600</u>	<u>202,752</u>
Cash and Cash Equivalents - End of Year	<u><u>237,749</u></u>	<u><u>195,942</u></u>	<u><u>433,691</u></u>	<u><u>192,600</u></u>
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Change in net assets	<u>84,577</u>	<u>36,794</u>	<u>121,371</u>	<u>38,985</u>
Adjustments to reconcile:				
Depreciation	441	-	441	1,646
(Gain) loss on disposal of fixed assets	-	-	-	(2,000)
Interest compounded on investments	(2,426)	(2,282)	(4,708)	(8,082)
Unrealized (gain) loss on investments	-	9,333	9,333	(12,666)
Realized (gain) loss on investments	-	857	857	-
(Increase) decrease in accounts receivable	500	-	500	7,736
(Increase) decrease in prepaid expenses	(1,250)	-	(1,250)	-
Increase (decrease) in accounts payable and accruals	(3,662)	-	(3,662)	(14,803)
Change in inter-category balances	64,379	(64,379)	-	-
Total Adjustments	<u>57,982</u>	<u>(56,471)</u>	<u>1,511</u>	<u>(28,169)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>142,559</u></u>	<u><u>(19,677)</u></u>	<u><u>122,882</u></u>	<u><u>10,816</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, 2011

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, 2011
(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 \$67,151 has been recorded at December 31, 2011 to provide for the possibility of some balances not being collected.

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 July 17, 2012; 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, 2011
(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, 2010, from which such comparative totals were derived.

3. Investments

Certificates of deposit:

Maturing within one year, interest at 0.69% - 1.95 p.a.	\$ 229,321
Publicly-traded mutual funds	280,520
Total	\$ 509,841

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

	Unrestricted	Temporarily Restricted	Total
Interest income	\$ 2,426	10,071	12,497
Net realized and unrealized gains (losses)	-	(10,190)	(10,190)
Total	\$ 2,426	(119)	2,307

The fair values of assets measured on a recurring basis at December 31, 2011 are as follows:

	Fair Value	Quoted Prices in Active Markets (Level 1)
Publicly-traded mutual funds	\$ 280,520	280,520
Total	\$ 280,520	280,520

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2011
(Continued)

4. Fixed Assets

Property and equipment	\$ 19,534
Less: Accumulated depreciation	<u>(19,534)</u>
Total	<u>\$ -</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, 2011, 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, 2011, the Land Trust's temporarily restricted net assets consisted of the following:

Future easement acquisitions:	
Land Protection Fund	\$ 168,247
Walter Kirch Memorial Fund	<u>74,463</u>
	242,710
Monitoring and protecting existing conservation easements	<u>248,333</u>
Total	<u>\$ 491,043</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. On June 30, 2011, the operating lease expired and the Land Trust signed a month-to-month agreement to continue to lease the office space, with all other terms and provisions remaining in force. During 2011, the Land Trust incurred rent expense totaling \$8,400 under the terms of this lease arrangement.

Eagle Valley Land Trust
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2011
(Continued)

8. Functional Classification of Expenses

Expenses by function for the year ended December 31, 2011 were as follows:

Program services	\$ 148,795
Support services:	
Management and general	33,474
Fundraising	<u>185,900</u>
Total	<u>\$ 368,169</u>

9. Easements Held

At December 31, 2011, the Land Trust held the following 19 conservation easements:

<u>Easement</u>	<u>Acreeage</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