

CRESTED BUTTE LAND TRUST

FINANCIAL STATEMENTS

JUNE 30, 2022

CRESTED BUTTE LAND TRUST

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Crested Butte Land Trust
Crested Butte, Colorado

We have audited the accompanying financial statements of Crested Butte Land Trust (the "Land Trust") (a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Land Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Land Trust's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crested Butte Land Trust as of June 30, 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.

McNurlin, Hitchcock & Associates, P.C.

McNurlin, Hitchcock & Associates, P.C.
November 7, 2022

CRESTED BUTTE LAND TRUST

Statement of Financial Position

June 30, 2022

	<u>Without Donor Restriction</u>	<u>Donor Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents	\$ 321,325	\$ 492,566	\$ 813,891
Investments (See Note 5)	906,106	-	906,106
Accounts receivable	1,379	-	1,379
Pledges and grants receivables, current	-	62,500	62,500
Prepaid expenses	37,337	-	37,337
Total Current Assets	<u>1,266,147</u>	<u>555,066</u>	<u>1,821,213</u>
Other Assets			
Pledges and grants receivables, long-term	-	50,000	50,000
Fixed assets, net (See Note 3)	473,985	-	473,985
Trade lands (See Note 10)	2,564,485	-	2,564,485
Conservation lands (See Note 11)	11,715,608	-	11,715,608
Other deposits	2,700	-	2,700
Total Other Assets	<u>14,756,778</u>	<u>50,000</u>	<u>14,806,778</u>
 TOTAL ASSETS	 <u>\$ 16,022,925</u>	 <u>\$ 605,066</u>	 <u>\$ 16,627,991</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities			
Accrued liabilities	\$ 33,352	\$ -	\$ 33,352
Deferred income	218,923	-	218,923
Note payable, current	60,000	-	60,000
Line of credit (See Note 6)	-	-	-
Total Current Liabilities	<u>312,275</u>	<u>-</u>	<u>312,275</u>
Other Liabilities			
Note payable, long-term	70,000	-	70,000
Total Other Liabilities	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Net Assets (See Note 7)			
Without donor restriction	14,813,727	-	14,813,727
Stewardship Fund (See Note 15)	826,923	96,900	923,823
Opportunity Fund (See Note 15)	-	311,524	311,524
Donor restricted	-	196,642	196,642
Total Net Assets	<u>15,640,650</u>	<u>605,066</u>	<u>16,245,716</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 16,022,925</u>	 <u>\$ 605,066</u>	 <u>\$ 16,627,991</u>

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE LAND TRUST

Statement of Activities

For the Year Ended June 30, 2022

	Unrestricted	Donor Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 479,502	\$ 401,820	\$ 881,322
Grants	-	309,282	309,282
In-kind donations	64,082	-	64,082
Special events and merchandise	134,734	-	134,734
Interest and dividends	6,638	-	6,638
Unrealized loss on investments	(54,130)	-	(54,130)
Other income	148,274	-	148,274
Net assets released from restrictions	734,933	(734,933)	-
	1,514,033	(23,831)	1,490,202
EXPENSES			
Program services	758,439	-	758,439
Support services:			
General and administrative	82,188	-	82,188
Fundraising	43,645	-	43,645
	884,272	-	884,272
CHANGE IN NET ASSETS BEFORE CONSERVATION EASEMENT ACQUISITION	629,761	(23,831)	605,930
CONSERVATION EASEMENT ACQUISITION COST	500,000	-	500,000
CHANGE IN NET ASSETS AFTER CONSERVATION EASEMENT ACQUISITION	129,761	(23,831)	105,930
NET ASSETS, Beginning of the year	15,510,889	628,897	16,139,786
NET ASSETS, End of the year	\$ 15,640,650	\$ 605,066	\$ 16,245,716

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE LAND TRUST

Statement of Functional Expenses

For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Advertising	\$ 12,074	\$ 7,244	\$ 7,513	\$ 26,831
Bank and merchant fees	11,469	-	-	11,469
Conferences and meetings	4,537	619	-	5,156
Depreciation and amortization	-	15,859	-	15,859
Direct mail	6,750	4,050	4,200	15,000
Dues and subscriptions	17,641	2,406	-	20,047
Employee benefits	40,784	3,245	2,317	46,346
General stewardship	55,900	-	-	55,900
Insurance	6,949	5,686	-	12,635
Interest	2,754	-	-	2,754
Occupancy	13,559	1,079	770	15,408
Payroll taxes	24,358	1,937	1,384	27,679
Professional fees	151,469	12,049	8,606	172,124
Rental and maintenance of equipment	5,306	422	302	6,030
Salaries and wages	321,364	25,563	18,259	365,186
Special events and merchandise	78,360	-	-	78,360
Supplies	1,913	152	109	2,174
Telephone	3,252	259	185	3,696
Travel and lodging	-	1,618	-	1,618
Total Expenses	<u>\$ 758,439</u>	<u>\$ 82,188</u>	<u>\$ 43,645</u>	<u>\$ 884,272</u>

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE LAND TRUST

Statement of Cash Flows

For the Year Ended June 30, 2022

	Unrestricted	Donor Restricted	Total
CASH FLOW FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 129,761	\$ (23,831)	\$ 105,930
Adjustments to reconcile change in net assets to cash provided by operating activities:			
Depreciation and amortization	15,859	-	15,859
Unrealized loss on investments	54,130	-	54,130
(Increase) decrease in assets:			
Accounts receivable	(159)	-	(159)
Pledges and grants receivables	-	67,188	67,188
Prepaid expenses	(16,262)	-	(16,262)
Increase (decrease) in liabilities:			
Accrued liabilities	24,433	-	24,433
Deferred income	105,985	-	105,985
NET CASH PROVIDED BY OPERATING ACTIVITIES	313,747	43,357	357,104
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase and maturities of investments	(494,978)	-	(494,978)
Purchase of Pioneer Mill	(75,187)	-	(75,187)
NET CASH USED IN INVESTING ACTIVITIES	(570,165)	-	(570,165)
CASH FLOW FROM FINANCING ACTIVITIES:			
Principal payments made on notes payable	(130,000)	-	(130,000)
NET CASH USED IN FINANCING ACTIVITIES	(130,000)	-	(130,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(386,418)	43,357	(343,061)
CASH AND CASH EQUIVALENTS, Beginning of the year	707,743	449,209	1,156,952
CASH AND CASH EQUIVALENTS, End of the year	\$ 321,325	\$ 492,566	\$ 813,891
SUPPLEMENTAL DISCLOSURE:			
Cash paid for interest			\$ 2,754
Cash paid for income taxes			\$ -

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 1 NATURE OF OPERATIONS

The Crested Butte Land Trust (the “Land Trust”) is a not-for-profit organization whose purpose is to preserve Gunnison County’s unique heritage and quality of life by forever protecting open lands for vistas, recreation, wildlife, and ranching. The Land Trust accomplishes this mission by acquiring interest in real property and conservation easements, educating landowners, and stewarding conservation lands.

The Land Trust was formed in 1991 and is located in Crested Butte, Colorado. The trade lands, conservation lands and conservation easements held by the Land Trust are located in Gunnison County, Colorado.

NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Land Trust has evaluated subsequent events and transactions for potential required recognition or disclosure through the date on the audit report.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized when the product or service has been received and the liability incurred.

Financial Statement Presentation

The Land Trust follows the recommendation of the Financial Accounting Standards Board (FASB) standards of accounting and financial reporting for not-for-profit organizations. Under Accounting Standards Codification 958 (ASC 958) *Not-for-Profit Entities*, the Land Trust is required to report information regarding its net assets, and revenues, expenses, gains, and losses based upon the existence and/or nature of any donor-imposed restrictions. Accordingly, the Land Trust reports net assets and activities using the following two classes of net assets:

Without Donor Restriction– Resources over which the board of directors has discretionary control.

Donor Restricted – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Land Trust, the passage of time, or both.

The Land Trust had net assets with and without donor restrictions during the year ended June 30, 2022.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See accompanying independent auditors’ report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all time and demand deposits and money market accounts with a maturity of three months or less when purchased. The carrying value of cash and cash equivalents approximates the fair value.

Other Deposits

Other deposits largely represent an office security deposit.

Pledges and Grants Receivables

Pledges and grants receivable consist of both unconditional and donor restricted amounts due from local agencies and individual donors. The Land Trust records pledges and grants receivable as current if they are expected to be received in less than one year from June 30, 2022.

The Land Trust reviews pledges receivable periodically for collectability and establishes an allowance for doubtful pledges and records bad debt expense when deemed necessary. At June 30, 2022, management determined that an allowance for doubtful pledges receivable was not necessary. See Note 7 for additional details about net asset classifications for donor restrictions.

Advertising Costs

Advertising costs are expensed as incurred. The Land Trust uses advertising to promote its conservation program. During the year ended June 30, 2022, advertising costs totaled \$26,831.

Compensated Absences

Employees of the Land Trust are entitled to paid time off based on length of employment. It is the Land Trust's policy that paid time off is accumulated and not accrued. Employees are given a pool of paid time off at the beginning of each year to use during that year. Any unused time is not carried over in the next year or paid out upon termination or separation from the Land Trust. As such, the Land Trust has not recorded a liability for compensated absences at June 30, 2022.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, the Land Trust accounts for its financial instruments, as well as certain assets and liabilities, at fair value. Fair value is defined as the price that would be paid in an orderly transaction, or exit price, between market participants to sell the asset or transfer the liability in the principal or most advantageous market for the asset or liability.

The Land Trust is required by United States generally accepted accounting principles to categorize its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on quoted prices in active markets for identical assets or liabilities that the Land Trust has the ability to access (examples include exchange-traded equity securities and most U.S. Government and agency securities).

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or use model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in non-active markets (examples may include corporate and municipal bonds, and most over-the-counter derivatives including interest rate and currency swaps).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs for the asset or liability are typically based on an entity's own assumptions, as there is little, if any, related market activity and reflect assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments).

Subsequent to initial recognition, the Land Trust may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value. Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets, Net

Fixed assets are presented net of accumulated depreciation on the Statement of Financial Position. Purchased fixed assets are recorded at cost. Donated fixed assets are recorded at their estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. At June 30, 2022, fixed assets, net, consists of:

<u>Description</u>	<u>Useful Life</u>	<u>Acquisition Year</u>	<u>Amount</u>
Building	27.5	2007	\$ 207,650
Gunsight bridge	50	2019	413,707
Less: accumulated depreciation			(147,372)
Fixed assets, net			<u>\$ 473,985</u>

Contributions

Pledges are recorded when committed and recognized as contributions in the period in which the pledge is received from the donor. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Grants from various sources are recognized as contributions when committed by the donor or when reimbursable expenses are incurred subject to a contract with a donor.

Contributed Services

Donated services are recognized as contributions in accordance with accounting standards at their estimated fair value if the services (a) create or enhance the Land Trust's non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. The value of these contributions and services are recorded as support and expense in the period in which the contributions are received or services are performed.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When the restriction expires, net assets are reclassified to net assets without donor restriction.

Merchandise Sales Revenue

From time to time, the Land Trust sells certain merchandise, primarily calendars, t-shirts, and hats. Proceeds are used to support the Land Trust's operations. Revenue is recognized when the patron takes possession of the merchandise.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land and Land Interests

Land and land interests owned by the Land Trust fall into the following categories:

Trade Lands – properties held that are, or could be, protected and/or used as a pecuniary tool in order to provide leverage for the Land Trust to carry out its conservation work. Trade lands are recorded at cost if purchased or at fair value at the date of donation if the land was received as a donation. Fair value is generally determined by independent appraisal. Upon sale or donation by the Land Trust, the cost of trade lands is removed as an asset from the statement of financial position and reported as a program expense. The related proceeds, if any, are reported as revenue in the statement of activities.

Conservation Lands – properties owned by the Land Trust that have significant ecological value. These properties are managed in an effort to protect the natural biological diversity of the property. Conservation lands are lands held for furtherance of the Land Trust’s conservation mission rather than for financial gain. These properties are protected, may be encumbered by easements, are cared for and preserved, and are subject to the Land Trust’s policy that requires the proceeds from any sale of these lands to be used to acquire other conservation land or land interests. Conservation lands are recorded at cost if purchased or at fair value at the date of donation if the land was received as a donation. Fair value is generally determined by independent appraisal.

Conservation Easements – listed rights and/or restrictions over the owned property that are conveyed by a property owner to the Land Trust, in perpetuity, in order to protect the owned property as a significant natural area, as defined in federal regulations. Property encumbered by conservation easements may be sold or transferred to others so long as the assignee agrees to carry out in perpetuity, the conservation purposes intended by the original grantor. All costs associated with the acquisition of conservation easements are expensed on the statement of activities. Donations of conservation easements are not recognized, as the value an easement donor is able to deduct for income tax purposes is not the value available to a recipient conservancy organization.

The Land Trust’s management assesses the carrying value of its long-lived assets for impairment when circumstances warrant such a review. If management determines that impairment has occurred, a loss is recognized based on the difference between the assets’ carrying values over their estimated fair values.

See accompanying independent auditors’ report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 4 INCOME TAXES

The Land Trust is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under regulations in the State of Colorado. Therefore, the Land Trust is not subject to federal or state income taxes in connection with its exempt activities. In addition, the Land Trust is treated as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the year ended June 30, 2022.

The standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Land Trust may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Land Trust and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2022.

NOTE 5 INVESTMENTS

Investments at June 30, 2022 consist of fixed income securities and exchange-traded funds (“ETF”) held at TD Ameritrade. The two fixed income securities are considered Level 2 investments, while the two ETF securities are considered Level 1 investments, based on the fair value hierarchy described in Note 3. The investment holdings and details are as follows:

Investment Type	Investment Description	Interest Rate	Maturity Date	Fair Market Value	Cost
Fixed income	American Express Bank FSB	2.85%	5/20/2024	\$ 49,633	\$ 50,000
Fixed income	Barclays Bank Delaware	2.30%	10/18/2022	50,065	50,000
Fixed income	Barclays Bank Delaware	2.00%	5/18/2023	49,709	50,000
Fixed income	Discover Bank	1.05%	11/15/2022	49,827	50,000
Fixed income	Goldman Sachs Bank	2.25%	11/20/2023	49,466	50,000
Fixed income	Merchants Bank	0.75%	8/18/2022	49,931	50,000
Fixed income	Morgan Stanley Bank	2.00%	5/19/2023	49,706	50,000
Fixed income	Morgan Stanley Bank	2.40%	11/20/2023	49,567	50,000
Fixed income	UBS Bank	2.85%	5/20/2024	49,632	50,000
Fixed income	Western Alliance Bancorp	0.75%	8/18/2022	49,931	50,000
Fixed income	Fifth Third Bank	1.30%	11/23/2022	49,864	50,000
Fixed income	Goldman Sachs Bank	1.95%	5/18/2023	44,719	45,000
ETF	SPDR S&P500 ETF	NA	NA	158,445	124,853
ETF	Vanguard Total Stock Market ETF	NA	NA	155,611	124,568
				<u>\$ 906,106</u>	<u>\$ 844,421</u>

Income earned on these investments, as reported on the Statement of Activities for the year ended June 30, 2022, is Board designated for the Stewardship Fund.

See accompanying independent auditors’ report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 6 LINE OF CREDIT

On December 18, 2017, the Land Trust entered into a line of credit with a bank with a maximum borrowing limit of \$600,000 at a variable interest rate of Wall Street Journal Prime plus 1%, adjusting annually. The line of credit was renewed on March 1, 2021 and has a maturity date of January 18, 2023. The loan is collateralized by real property owned by the Land Trust. The line of credit must be paid off for a period of at least 30 days at some point during the year and requires outstanding interest payments monthly. The use of the line of credit in conjunction with the Opportunity Fund allows the Land Trust to reduce interest paid and gives the Land Trust flexibility in relation to land transactions. As of June 30, 2022, the line of credit had no outstanding balance.

NOTE 7 NET ASSETS

Net assets without donor restrictions consist of support and revenue derived from unrestricted contributions, investment income, and other inflows of assets whose use is not limited by donor-imposed restrictions. Certain net assets without donor restriction have been designated by the Board of Directors for specific purposes. See Note 15 for further details of board designated amounts. Donor restricted net assets consist of contributions whose use by the Land Trust is limited by donor-imposed stipulations. At June 30, 2022, the Land Trust had donor restricted net assets that had been committed to being contributed to the Land Trust but not yet received, as follows:

Pledges and grants receivable:	
Long Lake acquisition project	\$ 85,000
General Opportunity Fund	<u>27,500</u>
Total	<u>\$ 112,500</u>

At June 30, 2022, the Land Trust had donor restricted net assets with the following purposes:

Donor purpose/project:	Donor restricted cash balance	Donor restricted pledges and grants receivable	Perpetually donor restricted	Donor restricted balance as of June 30, 2022
Long Lake acquisition	\$ 61,788	\$ 85,000	\$ -	\$ 146,788
Long Lake land management	49,854	-	-	49,854
Stewardship Fund	-	-	96,900	96,900
Opportunity Fund	<u>284,024</u>	<u>27,500</u>	-	<u>311,524</u>
	<u>\$ 395,666</u>	<u>\$ 112,500</u>	<u>\$ 96,900</u>	<u>\$ 605,066</u>

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 7 NET ASSETS (Continued)

During the year ended June 30, 2022, the Land Trust had the following changes in donor restricted net assets:

	Long Lake Project	Opportunity Fund	Stewardship	Total
Donor restricted, beginning of year	\$ 329,527	\$ 202,470	\$ 96,900	\$ 628,897
Donor restricted grants and contributions	-	711,102	-	711,102
Amounts released from donor restriction	(132,885)	(602,048)	-	(734,933)
Donor restricted, end of year	<u>\$ 196,642</u>	<u>\$ 311,524</u>	<u>\$ 96,900</u>	<u>\$ 605,066</u>

Stewardship Fund assets that are perpetually restricted consist of contributions from Great Outdoors Colorado for stewardship on specific conservation lands and other perpetually restricted individual contributions. These perpetually restricted funds impose stipulations where the investment income, if any, can be used for the costs associated with the stewardship of the specific conservation lands, but the principal shall be maintained in perpetuity.

NOTE 8 FUNCTIONAL CLASSIFICATION OF EXPENSES

The Land Trust accounts for its expenditures in the following categories: program services, general and administrative, and fundraising. Program expenses relate to the broad spectrum of activities and actions critical to advancing the Land Trust's purpose of protecting and preserving open space.

Expenditures related to understanding, monitoring, acquiring, stewarding, and managing natural areas owned by the Land Trust are included as program expenditures. General and administrative expenditures relate to building and maintaining an efficient business infrastructure, including those related to corporate governance, and to support and advance the programmatic conservation objective of the Land Trust. Fundraising expenditures relate to fund-raising strategies that provide revenue streams for both operations and capital needs to further the accomplishment of the Land Trust's mission and objectives.

NOTE 9 LONG LAKE ACQUISITION

During the year ending June 30, 2020, the Land Trust finished the process of a federal land exchange for a 120-acre National Forest property called Long Lake. The Land Trust paid \$2,915,000 to purchase a parcel of land called Fossil Ridge, which was traded, along with the Copley Lake trade land, for the Long Lake property and \$15,000 from the National Forest Service. As of June 30, 2022, this property is recorded on the Statement of Financial Position in Conservation Lands. During year ended June 30, 2022, the Organization made principal payments totaling \$130,000 in order to pay down third-party loans.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 10 TRADE LANDS

During year ended June 30, 2022, the Land Trust entered in a contract with Meredith Ann Farmer Revokable Trust to purchase the Pioneer Mill Claim for \$75,000. The Land Trust finished the contract with the successful acquisition of the Pioneer Mill Claim in March 2022. The Land Trust holds the following trade lands as of June 30, 2022:

Trade Land	Purchase price
Confluence Allen	\$ 50,000
Confluence Eccher/Miller	47,500
Confluence Ochs Brothers	103,000
Confluence Robbins	50,000
Confluence Silka	50,000
Confluence Zeligman	270,000
Glacier Lily	150,967
Niccoli Homesite	450,000
Schofield 5 TPL Donation	145,000
Schofield Townsite	490,000
Schofield Kasic	10,000
Schofield Kennel	12,000
Schofield Klingsmith	9,512
Schofield Rock Creek Tax Sale	540
Washington Gulch	181,250
Schofield Roberts	3,076
New Discovery Lode	7,687
Colonel's House	431,979
Sliver Bow and CH Richmond mining claims	26,787
Pioneer Mill Claim	75,187
Total Trade Lands	\$ 2,564,485

NOTE 11 CONSERVATION LANDS

The Land Trust holds the following conservation lands as of June 30, 2022:

Conservation Land	Date acquired	Purchase price
Rice Parcel	January 1996	\$ 159,284
Peanut Lake	June 1996	300,302
Robinson	January 1998	380,000
Lower Loop 1	March 1998	425,260
Lower Loop 2	August 1999	1,300,651
Gallin	December 1999	275,000
Schofield 2 Block 2	December 2001	8,000
Gunsight	January 2003	775,312
Lower Loop Utley	March 2003	605,000
Schofield TPL/McGill	October 2003	96,220
Niccoli Ranch	November 2006	2,322,000
Kikel B	May 2007	1,327,189
Coralhouse	November 2013	741,390
Peanut Mine	August 2016	-
Long Lake	February 2020	3,000,000
Total Conservation Lands		\$ 11,715,608

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 12 CONSERVATION EASEMENTS

The Land Trust holds the following conservation easements as of June 30, 2022:

<u>Easement</u>	<u>Date Acquired</u>	<u>Total Acreage</u>
Irwin 1	December 1993	3.30
Kapushion	August 1995	110.00
Mead	August 1996	15.16
Irwin 2	December 1996	6.60
Cement Creek LLC	September 1997	184.57
Ridgeline	April 1999	43.40
Anders Ranch	November 2000	874.00
Nevada Ridge	December 2000	5.00
Biery	September 2002	27.00
Conroad 1	December 2002	35.00
Huckeby Wetlands	November 2003	19.77
Cottage Home	December 2003	6.96
Gunnison Riverbanks Ranch	December 2003	453.42
Smith Hill #1	December 2003	35.00
Rozman Ranch (phase 1)	September 2004	318.65
Rolling River	December 2004	6.80
Maxfield	June 2005	44.45
Conroad 2	December 2005	35.00
Bench	December 2005	40.00
Smith Hill #2	December 2005	35.00
CO Investments LLC	December 2005	9.34
Ranch Reserve	December 2006	643.00
Gebhart	December 2006	7.26
Kubricht	December 2006	5.30
Smith Hill #3	December 2007	35.09
Riverbend	December 2007	3.12
Stroh	December 2008	23.09
Budd Trail	December 2009	0.09
Eve Kochevar	March 2010	70.00
Eve Kochevar Trail Easement (not built)	June 2010	Trail
Hermanson Trail	October 2010	Trail
Smith Hill #4	December 2010	35.00
Kochevar OS (phases 1 & 2)	March 2011	280.21
Rozman Ranch (phase 2)	August 2011	150.00
Sunset	December 2011	8.30
Graham	December 2012	184.40
North Pole Basin	June 2013	158.50
Kochevar OS (phase 3)	December 2013	43.80
Promontory/Snodgrass	April 2015	107.23
Marble Basecamp	May 2016	46.75
Woods Walk - Lake House LLC	January 2020	400 ft. Trail
Lot 7 McCormick Ranch	January 2021	37.40
Kikel Lot 3	October 2021	59.27

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 12 CONSERVATION EASEMENTS (Continued)

During the year ended June 30, 2022, the Land Trust acquired a new conservation easement, Kikel Lot 3. The appraisal price of the easement was \$500,000. At closing, the Town of Crested Butte obtained fee title to the parcel and the Organization acquired the easement. The transaction costs associated with the acquisition of this conservation easement were \$25,160 and have been expensed on the Statement of Activities.

NOTE 13 IN-KIND CONTRIBUTIONS

During the year ended June 30, 2022, the Land Trust recognized \$64,082 of in-kind contributions. The contributions were for 30% of legal fees in the amount of \$21,474, donations of items for the live and silent auctions of \$31,046 and office rent of \$11,562 (included in Note 18).

NOTE 14 CONTINGENCIES

In 2004, the Land Trust received a \$100,000 grant from the Gunnison County Land Preservation Board (“the Board”) for the acquisition of certain conservation land. The grant agreement specifies that if the Land Trust sells the property, the Land Trust must reimburse the Board for its contribution.

In 1996, the Land Trust received a contribution of land with a fair value of approximately \$379,000 from Rocky Mountain Biological Laboratory (“RMBL”). The agreement, under which the property was contributed, specifies that if the Land Trust sells the property, one-half of the net proceeds from the sale must be paid to RMBL. As management has no current plan to sell either of these properties, these contingencies are deemed remote.

NOTE 15 BOARD DESIGNATED FUNDS

The Board of Directors have designated two funds, the Stewardship Fund, and the Opportunity Fund. The Investment Policy established by the Board for the Board Designated Stewardship Fund is a combination of safety, growth, and income, with a primary emphasis on the safety of principal, and may be accomplished by investment in money market funds, certificates of deposit, mutual funds, and up to 40 percent in equities. At June 30, 2022, this fund is invested in certificates of deposit, money market funds and broad-based equity ETFs. Inherent within all investment policies are fluctuating rates of return and the inherent volatility of the relevant markets. The Opportunity Fund balances are currently invested in a combination of low risk checking and money market accounts. All income earned was reinvested in the funds and may be appropriated for expenditure at a future date.

The Board of Directors of the Land Trust determines amounts to be appropriated for expenditure from the Board Designated Endowment Fund according to the internal policies established by the Land Trust. Such policies allow the Land Trust to discretionarily allocate funds for expenditures relating to monitoring, managing, and defending conservation easements and acquisitions held by the Land Trust. The fund covers the costs of future stewardship of protected properties, including but not limited to staff time, professional fees, documentation, and reports, weed and erosion control, property and trail maintenance and signage, monitoring, site visits and other direct and indirect expenses. The principal may be invaded only for extraordinary stewardship and defense expenses or in the event of unusual circumstances, with a two-thirds (2/3) majority vote of the Board of Directors. Income earned by the fund may be used to fund current stewardship operations, but this is subject to the Land Trust's policy requirement that the fund grow by at least the rate of inflation.

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 15 BOARD DESIGNATED FUNDS (Continued)

Changes in the Board Designated Stewardship Fund net assets for the year ended June 30, 2022 are as follows:

	Board Designated Stewardship Fund		
	Committed	Investment Gain Reserve	Total
Net assets, beginning of year	\$ 683,077	\$ 111,665	\$ 794,742
Gunnison County Electric Association - lease payment	78,928	-	78,928
Board designated adjustment for inflation	61,614	(61,614)	-
Dividends and interest earned	-	6,638	6,638
Other realized income	-	348	348
Change in unrealized market value	-	(53,733)	(53,733)
Net assets, end of year	\$ 823,619	\$ 3,304	\$ 826,923

As shown above, the Board Designated Stewardship Fund consists of a Committed amount and an Investment Gain Reserve. The Committed portion increases to reflect the addition of new properties and/or the terms of existing properties under Land Trust stewardship. It also increases to reflect the policy requirement to grow by inflation each year. This inflation increase can be funded by investment earnings made by the fund, and/or by additional contributions by the Board. As detailed above and in Note 5, a portion of the Stewardship Fund principal is invested in broad-based equity ETFs. Because these gains are subject to market volatility, Stewardship Fund investment earnings in excess of inflation are held temporarily in the Investment Gain Reserve to help meet future inflation contributions. The total investment gain reserve, as of June 30, 2022, was \$3,304. The decline versus the beginning of the year reflects funding a significantly higher inflation adjustment from the returns achieved in prior years and the current year decline in the equity holdings' market value, partly offset by interest and dividend income:

As of June 30, 2022 and during the year ended June 30, 2022, the Opportunity Fund had the following balances and changes in net assets:

Net assets, beginning of year	\$ 202,470
Contributions - donor restricted	711,102
Acquisition of land and easement - Kikel B and Pioneer Mill	(602,048)
Net assets, end of year	\$ 311,524
Opportunity Fund cash and receivables detail:	
Cash balance	\$ 284,024
Pledges receivable - current	27,500
	\$ 311,524

See accompanying independent auditors' report.

CRESTED BUTTE LAND TRUST

Notes to the Financial Statements

June 30, 2022

NOTE 16 NOTES PAYABLE

The Land Trust received a loan from the Community Foundation Serving Boulder County on December 11, 2019, for \$190,000. This note payable bears a zero-interest rate but charges a 2% fee on the total amount loaned, payable in two installments of \$1,900 each, with due dates of December 31, 2020 and December 31, 2021. During the year ended June 30, 2021, the Land Trust made an initial payment of \$100,000. During the year ended June 30, 2022, the Land Trust paid off the remaining balance of \$90,000.

The Land Trust received a loan from the Valley Housing Fund on February 27, 2020, for \$200,000. The note payable bears interest at an annual rate of 0.5%, with all accrued interest payable at the time of a principal payment. As of June 30, 2022, the future principal payments schedule is as follows:

<u>Valley Housing Fund</u>	
February 28, 2023	\$ 60,000
February 28, 2024	70,000
	<u>\$ 130,000</u>

NOTE 17 ACCREDITATION

The accreditation for the Crested Butte Land Trust was updated in February 2018 by the Land Trust Accreditation Commission, an independent program of the Land Trust Alliance. Land Trust Alliance. The Crested Butte Land Trust will seek 5-year re-accreditation in 2023. Accredited land trusts are able to display a seal indicating to the public that they meet national standards for excellence, uphold the public trust and ensure that conservation efforts are permanent. Approximately 25% of land trusts nationwide are accredited.

NOTE 18 OFFICE LEASE

The Land Trust leases office space under a non-cancelable operating lease dated January 9, 2018, expiring September of 2022, which includes an option to extend for an additional five years. During the year ended June 30, 2022, the total fair market value of the rent expense for the office lease was estimated to be \$15,408, of which \$11,562 was covered by an in-kind donation. Future minimum lease payments are not considered material to the operations of the Land Trust and have been excluded from this note to the financial statements.