

**MONTEZUMA LAND CONSERVANCY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2021**

## **TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b><i>1</i></b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	<b><i>3</i></b>
Statement of Activities	<b><i>4</i></b>
Statement of Functional Expense	<b><i>5</i></b>
Statement of Cash Flows	<b><i>6</i></b>
Notes to Financial Statements	<b><i>7</i></b>

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Montezuma Land Conservancy

**Opinion**

We have audited the accompanying financial statements of Montezuma Land Conservancy (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montezuma Land Conservancy as of December 31, 2021, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montezuma Land Conservancy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Montezuma Land Conservancy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Montezuma Land Conservancy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montezuma Land Conservancy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We have previously audited Montezuma County Land Conservancy's 2020 financial statements, and we expressed an unmodified review opinion on those audited financial statements in our report dated June 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.



Leadville, Colorado  
May 9, 2022

**MONTEZUMA LAND CONSERVANCY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021**

(with comparative totals for December 31, 2020)

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 323,970	\$ 385,918
Grants and Accounts Receivable	84,000	150,746
Prepaid Expenses	9,483	4,280
<b>TOTAL CURRENT ASSETS</b>	<u>417,453</u>	<u>540,944</u>
<b>NON-CURRENT</b>		
Cash and Cash Equivalents, Due to Partners	27,521	16,419
Cash and Cash Equivalents, Board Designated	15,024	24,451
Cash and Cash Equivalents, Restricted	24,163	18,799
Investments, Board Designated	1,225,728	964,218
Investments, Restricted	762,116	741,309
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and Equipment	15,172	21,219
Farm Land	341,241	341,241
Farm Building	292,462	292,462
Less: Accumulated Depreciation	<u>(31,776)</u>	<u>(25,142)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>617,099</u>	<u>629,780</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>2,671,651</u>	<u>2,394,976</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,089,104</u></u>	<u><u>\$ 2,935,920</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 7,637	\$ 102
Payroll Liabilities	18,351	16,663
Due to Partners	28,147	16,992
Refundable Advance	0	39,400
<b>TOTAL CURRENT LIABILITIES</b>	<u>54,135</u>	<u>73,157</u>
<b>NET ASSETS</b>		
Net Assets without Donor Restrictions	999,751	1,105,801
Net Assets without Donor Restrictions - Board Designated	1,249,892	988,670
Net Assets with Donor Restrictions - Temporary in Nature	607,139	590,105
Net Assets with Donor Restrictions - Perpetual in Nature	<u>178,187</u>	<u>178,187</u>
	<u>3,034,969</u>	<u>2,862,763</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,089,104</u></u>	<u><u>\$ 2,935,920</u></u>

**MONTEZUMA LAND CONSERVANCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(with comparative totals for December 31, 2020)

	2021			2020
<b>REVENUE AND SUPPORT</b>	Without Donor Restrictions	With Donor Restrictions	Total	Total
Contributions	\$ 95,090	\$ 0	\$ 95,090	\$ 110,512
Grant Income	0	530,126	530,126	470,666
Net Investment Income	136,570	17,033	153,603	211,660
Fundraising Events	5,082	0	5,082	6,518
In-Kind Contributions	7,683	0	7,683	9,526
Other Income	0	0	0	415
Fees for Services	12,398	0	12,398	158,470
Net Assets Released from Restrictions - Satisfaction of Program Restrictions	530,125	(530,125)	0	0
<b>TOTAL REVENUE AND SUPPORT</b>	<b>786,948</b>	<b>17,034</b>	<b>803,982</b>	<b>967,767</b>
<b>EXPENSES</b>				
Program Services	571,401	0	571,401	422,700
General and Administrative	33,463	0	33,463	28,360
Fundraising	26,912	0	26,912	31,451
<b>TOTAL EXPENSES</b>	<b>631,776</b>	<b>0</b>	<b>631,776</b>	<b>482,511</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>155,172</b>	<b>17,034</b>	<b>172,206</b>	<b>485,256</b>
<b>BEGINNING NET ASSETS</b>	<b>2,094,471</b>	<b>768,292</b>	<b>2,862,763</b>	<b>2,377,507</b>
<b>ENDING NET ASSETS</b>	<b>\$ 2,249,643</b>	<b>\$ 785,326</b>	<b>\$ 3,034,969</b>	<b>\$ 2,862,763</b>

**MONTEZUMA LAND CONSERVANCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**DECEMBER 31, 2021**  
(with comparative totals for December 31, 2020)

	2021			2020	
	Program Services	General and Administrative	Fund Raising	Total	Total
Salaries	\$ 266,614	\$ 11,222	\$ 11,595	\$ 289,431	\$ 237,817
Payroll Taxes	30,298	1,396	1,060	32,754	21,877
Fringe Benefits	27,404	5,706	1,326	34,436	38,671
	<u>324,316</u>	<u>18,324</u>	<u>13,981</u>	<u>356,621</u>	<u>298,365</u>
Accreditation and Certification	3,476	430	179	4,085	4,935
Advertising	365	101	20	486	128
Bank and Credit Card Charges	52	12	1,355	1,419	1,119
IT	5,463	0	0	5,463	1,959
Depreciation Expenses	12,681	0	0	12,681	12,681
Dues and Subscriptions	8,990	1,449	1,250	11,689	7,213
Furniture and Equipment	1,125	26	11	1,162	4,578
Insurance	10,347	2,452	623	13,422	12,016
Land Preservation Expense	136,356	0	0	136,356	33,627
Miscellaneous Expenses	912	833	0	1,745	2,039
Occupancy	12,241	944	394	13,579	12,608
Postage	1,797	375	407	2,579	1,490
Printing and Copying	5,708	711	677	7,096	6,171
Professional Services	7,605	6,793	435	14,833	45,884
Stipend for Americorps	18,919	0	0	18,919	13,511
Supplies	9,739	222	3,570	13,531	14,601
Telephone	4,002	140	58	4,200	3,087
Training and Staff Development	803	30	12	845	3,914
Travel and Meetings	3,380	621	3,940	7,941	2,370
Vehicle Expenses	3,124	0	0	3,124	215
	<u>247,085</u>	<u>15,139</u>	<u>12,931</u>	<u>275,155</u>	<u>184,146</u>
Total Expenses	<u>\$ 571,401</u>	<u>\$ 33,463</u>	<u>\$ 26,912</u>	<u>\$ 631,776</u>	<u>\$ 482,511</u>

**MONTEZUMA LAND CONSERVANCY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(with comparative totals for December 31, 2020)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 172,206	\$ 485,256
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	12,680	12,681
(Gain) Loss on Sale of Investments	(173,467)	(34,933)
Unrealized Loss on Investments	31,498	(180,773)
(Gain) Loss on Disposal of Fixed Assets	0	(415)
Forgiven PPP Loan	(39,400)	0
(Increase) Decrease in:		
Accounts Receivable	66,746	(145,246)
Prepaid Expense	(5,203)	3,240
Increase (Decrease) in:		
Accounts Payable	7,535	(580)
Payroll Liabilities	1,688	(2,173)
Deferred Revenue	11,155	16,333
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>85,438</b>	<b>153,390</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	0	415
Purchase of Investments	(485,039)	(133,115)
Sale of Investments	344,692	157,815
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(140,347)</b>	<b>25,115</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Short-Term Loan	0	39,400
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>0</b>	<b>39,400</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(54,909)</b>	<b>217,905</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>445,587</b>	<b>227,682</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 390,678</b>	<b>\$ 445,587</b>
<b>Cash as Shown on Balance Sheet</b>		
Cash and Cash Equivalents	\$ 323,970	\$ 385,918
Cash and Cash Equivalents, Board Designated	15,024	24,451
Cash and Cash Equivalents, Restricted	24,163	18,799
Cash and Cash Equivalents, Due to Partners	27,521	16,419
	<b>\$ 390,678</b>	<b>\$ 445,587</b>
Interest Paid During the Year	\$ 0	\$ 0
Income Tax Paid During the Year	\$ 0	\$ 0



MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Purpose and Organization

Montezuma Land Conservancy (Organization) was established in 1998 as a Colorado Non-profit 501(c)(3) corporation. The Organization is located in Cortez, Colorado and primarily serves Montezuma, Dolores, and San Miguel Counties in Colorado. It is funded with public contributions and private and government grants.

The stated purposes for the Organization are as follows:

1. The preservation of open space, including farmland that a) provides for the scenic enjoyment of the general public, or b) is pursuant to a clearly delineated government conservation policy, provided, in each case, that such preservation will yield a significant public benefit;
2. The protection of a relatively natural habitat of fish, wildlife, plants or similar ecosystem; or
3. The preservation of land for outdoor recreation by, or education of the general public;
4. The promotion of land conservation practices and providing conservation education to the communities of Southwest Colorado.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposits with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Receivable and Credit Policies

Accounts and contributions receivable are stated at the outstanding balances. An allowance for uncollectible accounts is not used. Management uses the direct write off method to recognize bad debt expense for uncollectible accounts. After reasonable collection efforts are made by management past due accounts are written off. For the year ending December 31, 2021 the Organization did not write off any uncollectible accounts. The Organization does not charge interest on accounts and contributions receivable.

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

Contributions Receivable

The Organization records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

Property and Equipment

Property and equipment is recorded at cost and donated assets are recorded at estimated value at the time of the gift. Routine repairs and maintenance are expensed as incurred. Depreciation on property and equipment is computed based on the cost of the asset over its estimated useful life using the straight-line method. Equipment acquired with a cost in excess of \$5,000 is capitalized. Equipment life ranges from 5 to 7 years and building life is 39 years. Depreciation expense for the years ended December 31, 2021 was \$12,681.

Investments

Investments are reported at costs, purchased, or at fair value, if donated. Thereafter, investments are reported at their fair market values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

Due to Partners

Amounts reported as Due to Partners, included in the accompanying statement of financial position, arises principally from the collaborative activities between the Organization and Montezuma Inspire Coalition (MIC) to further the MIC project (see Note 13).

Refundable Advances

The Organization was granted \$39,400 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) proved partner in 2020. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization had initially recoded the loan as a refundable advance. Upon meeting certain requirements, the PPP loan was forgiven and contribution revenue has been recorded for the year ended December 31, 2021.

Net Assets

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that restricted by the donor are reported as an increase in net assets with donor restriction, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

#### Revenue and Revenue Recognition

The Organization recognizes special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the events takes place.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

The Organization recognizes revenue from farm leasing operation and conservation easement projects when the services are provided.

Donated Services

The Organization records donated services contributions when the services (a) create or enhance non financial assets or (b) would be purchased if they had not been provided by contributions, require specialized skills, and are provided by individuals possessing those skills.

Advertising Costs

Advertising costs are expensed as incurred in the amount of \$486 during the year ended December 31, 2021.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Insurance	Full Time Equivalent
Dues and Subscriptions	Full Time Equivalent
Occupancy	Full Time Equivalent
Telephone	Full Time Equivalent
Vehicle	Full Time Equivalent

Income Tax Status

The Organization is organized as a non-for-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

Estimates

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

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents. The Organization's cash balances are deposited in a financial institution and, at times, it may exceeded the FDIC limit. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Conservation Easements

The Organization is considered a qualified organization under Internal Revenue Code section 170(h)(3) 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 in the assets of the Organization. There is no market for the easements and therefore they have not been valued by the Organization in accordance with fair value rules. Donated easements are not recorded as support. Transactional costs to obtain an easement as well as purchase costs for an easement are recorded as expenses in the Statement of Activities in the year the transaction is completed.

**NOTE 2 – AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at December 31, 2021:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$390,678
Accounts Receivable	0
Contributions Receivable	<u>84,000</u>
Total Financial Assets	474,678
Less Amounts Not Available to be Used within One Year	
Net Assets with Donor Restrictions	66,708
Less Net Assets with Purpose Restrictions to be Met in Less Than a Year	<u>(27,521)</u>
	<u>39,187</u>
Financial Assets Available to Meet General Expenditures Over the Next	
Twelve Months	<u>\$435,491</u>

The Organization's goal is generally to maintain financial assets to meet 6 months of essential operating expenses (non-grant funded) (approximately \$150,000).

MONTEZUMA LAND CONSERVANCY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

**NOTE 3 – FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observed inputs) and the lowest priority to an entity's assumptions (unobserved inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1            Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
  
- Level 2            Other observable inputs, either directly or indirectly, including:
  - Quoted prices for similar assets/liabilities in active markets;
  - Quoted prices for identical or similar assets in non-active markets;
  - Inputs other than quoted prices that are observable for the asset/liability; and,
  - Inputs that are derived principally from or corroborated by other observable market data.
  
- Level 3            Unobservable inputs that cannot be corroborated by observable market data.

All of the Organization's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost per share as a practical expedient as identified in the following, at December 31, 2021:

	2021	
	Cost	Fair Value
Mutual Funds	\$1,701,141	\$1,983,780
Cash	43,251	43,251
Total	\$1,744,392	\$2,027,031

Investments are a combination of Board designated and restricted funds. The restrictions are primarily for the maintenance and defense of currently easements with some set aside as a Board designated operating reserve.

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

Unconditional contributions receivable of \$84,000 are expected to be collected within one year.

At December 31, 2021, one donor accounted for all of total promises to give. Two contributors accounted for approximately 83 percent of total contribution revenue for the year ended December 31, 2021.

**NOTE 5 – REVENUE FROM CONTRACTS WITH CUSTOMERS**

The following table provides information about significant changes in the contract liabilities for the year ended December 31, 2021:

Deferred Revenue, Beginning of Year	\$0
Revenue Recognized That was Included in Deferred Revenue at the Beginning of Year	(12,398)
Increase in Deferred Revenue to Cash Received During the Period	<u>12,398</u>
Deferred Revenue, End of Year	<u>\$0</u>

**NOTE 6 – LEASES**

The Organization leased its office space under a month to month operating lease for \$650 per month plus utilities from one of the appraisers the Organization uses on regular basis for the appraisal of easements. Total rent paid in 2021 was \$7,800.

MONTEZUMA LAND CONSERVANCY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

---

**NOTE 7 – BOARD DESIGNATED NET ASSETS**

The Board of Directors has resolved to designate monies for various future uses of the Organization. These funds are available for use under the following Board designations:

<u>Fund Name</u>	<u>2021</u>	<u>Designation</u>
Legacy Fund	\$265,689	To provide income for future perpetual funding of the daily operations of the Organization. Investment gains may be used for operational costs.
Land Owner Assistance Fund	126,648	To primarily facilitate and support easement and transaction capital costs of new donated or purchased easements.
Conservation Defense Fund	226,334	A reserve fund available for expenses related to defending easements against legal challenges.
Stewardship Endowment Fund	215,474	To provide income for ongoing and perpetual stewardship responsibilities.
Stewardship Endowment Fund Earnings	<u>415,747</u>	Earnings available to fund day to day stewardship related expenses. Funds are transferred from the restricted stewardship funds per terms of the fund policies.
Total	<u>\$1,249,892</u>	

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS, TEMPORARY IN NATURE**

Net assets with donor restrictions, temporary in nature are funds that are specified by donors for a restricted purpose. The restriction is released upon meeting the purpose or time restrictions of the original funding source. During the years ended December 31, 2021, funds totaling \$530,126 were received as revenues with donor restrictions and were released as the purpose of the funds were accomplished within that year.

As of December 31, 2021, there was \$3,714 in net asset with restrictions. These funds are to be spent on bicycle related projects in future years. In addition, as of December 31, 2021, there was \$4,471 in net asset with restrictions for the purpose of providing transportation for programs.



MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

There are long-term funds with donor restrictions that are received as part of the transactional activity of a new conservation easement accepted by the Organization. They are available for the following purposes:

<u>Fund Name</u>	<u>2021</u>	<u>Designation</u>
Conservation Defense Fund	\$ 119,515	A reserve fund available for expense of defending easements against legal challenges.
Stewardship Endowment Fund	<u>479,439</u>	To provide income for ongoing and perpetual stewardship responsibilities.
Total	<u>\$598,954</u>	

#### **NOTE 9 - ENDOWMENT FUNDS**

##### Stewardship Endowment Funds

The Organization requires all conservation easements it accepts to be accompanied by funds for the perpetual stewardship of the easements it monitors. As a result, each transaction that is closed includes a portion for the Stewardship fund. Prior to 2010, this donation was represented to the landowners as a permanently restricted donation to the Stewardship endowment. After that time, the language regarding the donation was changed such that new funds received are considered temporarily restricted or Board designated, as appropriate. Thus, the Stewardship Endowment fund is separated into three classes of net assets: Board designated, with donor restrictions, temporary in nature, and with donor restrictions, perpetual in nature (see notes 7 and 8).

The endowment corpus is the result of restricted donations to the Stewardship fund prior to 2010. The appropriation of the corpus is not allowable. The earnings of the fund are divided between funds with donor restrictions, funds without donor restrictions, and Board designated funds. First, a portion of the current year investment return is provided to the stewardship fund with donor restrictions, temporary in nature equal to the prior year's inflation rate (CPI-U as an annual percentage of change) multiplied by the value of the fund at the start of the prior year. Any remaining current year investment income is prorated and released to the funds without donor restrictions and Board designated funds.

##### Legacy Endowment Funds

In 2015, the Board of Directors established a Legacy Endowment Fund with donor restrictions, perpetual in nature to complement its Board designated Legacy Endowment Fund (see Note 7). The fund is to provide income for future perpetual funding of the daily operations of the Organization. The donated principal of the fund must remain intact, but earnings are allowable for expenditure as determined by the Board of Directors.

##### Interpretation of Relevant Law

The Organization has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act (CUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as permanently restricted assets (a) the

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the endowment instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions, perpetual in nature is classified as net assets with donor restrictions, temporary in nature until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed in the CUPMIFA.

Appropriation of Endowment Assets for Expenditure

In accordance with CUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the endowment funds
- (2) The purposes of the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policy of the Organization

Endowment Fund Investment Policy

It is the policy of the Organization to exercise prudent management of its financial assets through the investment of its funds according to the parameters of the Investment Fund Policy. The minimum target performance over time (5 + years) will be growth adequate to cover inflation. The assets of the Endowment Funds are invested to provide income for the ongoing and perpetual stewardship and management responsibilities that the Organization incurs. The Endowment Funds have limited need for liquidity and are intended to generate income and capital growth. The Funds may be invested in any or all of the approved investment vehicles listed below.

Allowable investments include:

- a. Savings and checking accounts at commercial banks and savings and loan associations not exceeding the threshold of FDIC insurance,
- b. Certificates of deposit at commercial banks and savings and loan associations with no more than 5 years maturity and not exceeding the threshold of FDIC insurance,
- c. Short term money market funds or accounts,
- d. Notes and bonds of the U.S. government or government agencies or instruments backed by the full faith and credit of the U.S. government or by the credit of the agency or entity issuing the obligations,
- e. Bond mutual funds,
- f. Equity mutual funds,
- g. Closed end funds with a guaranteed income,
- h. Exchange traded funds.

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**Stewardship Endowment Funds**

Stewardship Endowment Net Asset Composition by Type of Fund

As of December 31, 2021

	Without Donor Restrictions	With Donor Restrictions, Temporary in Nature	With Donor Restrictions, Perpetual in Nature	Totals
Donor Restricted	\$ 0	\$479,439	\$168,737	\$648,176
Board Designated	<u>631,220</u>	<u>0</u>	<u>0</u>	<u>631,220</u>
Total Funds	<u>\$631,220</u>	<u>\$479,439</u>	<u>\$168,737</u>	<u>\$1,279,396</u>

Stewardship Endowment Net Asset Changes for Fiscal Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions, Temporary in Nature	With Donor Restrictions, Perpetual in Nature	Totals
Endowment Net Assets: Beginning of Year	\$458,810	\$462,406	\$168,737	\$1,089,953
Investment Income	138,160	17,033	0	155,193
Net Depreciation	(29,720)	0	0	(29,720)
Contributions	93,000	0	0	93,000
Appropriation of Endowment Assets for Expenditure	(0)	(0)	0	(0)
Other Changes/ Transfers	<u>(29,030)</u>	<u>0</u>	<u>0</u>	<u>(29,030)</u>
Endowment Net Assets; End of Year	<u>\$631,220</u>	<u>\$479,439</u>	<u>\$168,737</u>	<u>\$1,279,396</u>

**Legacy Endowment Funds**

Legacy Endowment Net Asset Composition by Type of Fund

As of December 31, 2021

	Without Donor Restrictions	With Donor Restrictions, Temporary in Nature	With Donor Restrictions, Perpetual in Nature	Totals
Donor Restricted	\$ 0	\$ 0	\$9,450	\$9,450
Board Designated	<u>265,689</u>	<u>0</u>	<u>0</u>	<u>265,689</u>
Total Funds	<u>\$265,689</u>	<u>\$ 0</u>	<u>\$9,450</u>	<u>\$275,139</u>

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Legacy Endowment Net Asset Changes for Fiscal Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions, Temporary in Nature	With Donor Restrictions, Perpetual in Nature	Totals
Endowment Net Assets:				
Beginning of Year	\$240,318	\$ 0	\$9,450	\$249,768
Investment Income	33,025	0	0	33,025
Net Depreciation	(4,908)	0	0	(4,908)
Contributions	0	0	0	0
Appropriation of Endowment Assets for Expenditure	0	0	0	0
Other Changes/ Transfers	<u>(2,746)</u>	<u>0</u>	<u>0</u>	<u>(2,746)</u>
Endowment Net Assets; End of Year	<u>\$265,689</u>	<u>\$ 0</u>	<u>\$9,450</u>	<u>\$275,139</u>

**NOTE 10 – DONATED PROFESSIONAL SERVICES AND MATERIALS**

The Organization received donated professional services and materials as follows during the year ended December 31, 2021:

	Program	General	Fundraising	Total
Legal	\$1,232	0	\$0	\$1,232
Items and Supplies for Silent Auction	0	0	3,459	3,459
Printing Services	0	0	562	562
Seeds	526	0	0	526
Accounting	0	149	0	149
Van	<u>1,755</u>	<u>0</u>	<u>0</u>	<u>1,755</u>
Total	<u>\$3,513</u>	<u>\$149</u>	<u>\$4,021</u>	<u>\$7,683</u>

**NOTE 11 – EMPLOYEE BENEFIT PLAN**

The Organization maintains a Simple IRA retirement plan. The plan provides that the Organization will match contributions for all qualifying employees up to 3% of their salaries. Plan match expense was \$8,289 in 2021.

**NOTE 12 – EASEMENT ACTIVITIES**

The Organization acquires easement and development rights on properties through purchase and donation. Within the land trust movement, a divergence of practice exists as to the values at which easements and development rights are appropriately recorded. There is no definitive accounting guidance on these matters. The Organization follows

MONTEZUMA LAND CONSERVANCY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2021

the industry practices to not capitalize the easements and to record any costs associated with their acquisition as expenses in the year of acquisition. At the end of 2021 the Organization held 90 conservation easements.

<u>Year Received</u>	<u>Acres</u>	<u>Transaction Type</u>
1999	298	Transferred to MLC
2000	2,540	Transferred to MLC
2001	320	Transferred to MLC
2002	80	Easement donations
2003	720	Easement donations
2004	320	Easement donations
2005	1,671	Easement donations
2006	1,135	Bargain purchases
2006	1,608	Easement donations
2007	400	Bargain purchases
2007	730	Easement donations
2008	5,350	Bargain purchases
2008	1,390	Easement donations
2009	367	Easement donations
2009	83	Bargain purchases
2010	240	Transferred to MLC
2010	580	Easement donations
2010	12,663	Bargain purchases
2011	394	Easement donations
2011	120	Bargain purchases
2012	2,995	Bargain purchases
2013	1,933	Bargain purchases
2013	975	Easement donations
2014	880	Bargain purchases
2015	1,716	Bargain purchases
2015	1,710	Easement donations
2016	2,690	Bargain purchases
2016	125	Easement donations
2017	263	Bargain purchase
2017	225	Easement donation
2018	0	
2019	167	Easement donation
2020	1,335	Easement donation
2021	<u>0</u>	
Total acres	<u>46,023</u>	

**NOTE 13 – RELATED PARTY TRANSACTIONS**

The Organization may hold conservation easements on land belonging to former or current Board members. Easements from Board members are not undertaken while the person is an active Board member. There were no such financial transactions in the year ended December 31, 2021, as a result of these easements. However, the Organization has ongoing stewardship responsibilities with regard to these easements.

In 2015, Montezuma Land Conservancy (the Organization) and other community organizations were awarded a planning grant from Great Outdoors Colorado (GOCO) to form a coalition with the mission of addressing the increasing need to get kids outside.

MONTEZUMA LAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

---

The Montezuma Inspire Coalition (MIC) was formed, and for the next 18 months Coalition members worked to define the vision, and design proposed programming components. The governance structure of the MIC is comprised of a Steering Committee of coalition partners who oversee the grant and programming. MIC serves youth living in Montezuma County, including the population centers of Cortez, Mancos, Dolores, and Towaoc. MIC brings together a diverse group of nonprofits, businesses and governmental organizations that have a great passion for youth and the outdoors. MIC aims to serve “every kid in every zip” and to increase opportunities for all youth in our county to experience the outdoors through the coordination and scaffolding of existing and new programming.

The Organization is the acting fiscal agent for the MIC (providing financial oversight and accountability), houses the Coordinating Hub for the Coalition, employs the coalition coordinator, and serves on the steering committee.

The Organization was the fiscal agent for the MIC throughout the initial three-year grant cycle and continues to be for a second grant cycle which is five years beginning in 2020. While in this role the Organization will act as the pass through for all funding from GOCO and other future grants for the MIC. The Organization will act, in conjunction with the Coalition Coordinator, as the final backstop of communication to GOCO for reporting purposes both in programs, places, and pathways. The Organization will maintain and monitor all contracts and agreements with MIC members as they pertain to GOCO and other community partners. The Organization will receive all program and financial reporting from MIC members and compile and submit to GOCO as requested. As fiscal agent, the Organization will be ultimately responsible for the funds administered by GOCO per the executed contract agreement.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated all the activities of the Organization through May 9, 2022, (the date on which the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States and the World.

The ultimate disruption which may be caused by the outbreak is uncertain and it may have additional adverse effect on the Organization’s financial position, operations and cash flows.