

**COLORADO OPEN LANDS**  
**AND COL FOUNDATION**

Consolidated Financial Statements As Of March 31, 2022  
(With Summarized Financial Information For  
The Year Ended March 31, 2021)

Together With Independent Auditors' Report



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Colorado Open Lands and COL Foundation:

### **Opinion**

We have audited the accompanying financial statements of Colorado Open Lands and COL Foundation (collectively referred to as the "Organization"), which comprise the consolidated statement of financial position as of March 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of March 31, 2022, and the consolidated changes in net assets and its consolidated 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### *Members:*

*American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants*

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Independent Auditors' Report (Continued)**Auditors' 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 auditors' 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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.

Independent Auditors' Report (Continued)

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedule of financial position, consolidated schedule of activities on pages 23-24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**Reporting on Summarized Comparative Information**

We have previously audited the Organization's March 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*JDS Professional Group*

September 9, 2022

# COLORADO OPEN LANDS AND COL FOUNDATION

## Consolidated Statement Of Financial Position

As Of March 31, 2022

(With Summarized Financial Information For The Year Ended March 31, 2021)

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	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents:		
Without donor restrictions	\$ 5,905,644	\$ 3,698,584
With donor restrictions	<u>1,203,770</u>	<u>1,117,531</u>
Total cash and cash equivalents	7,109,414	4,816,115
Unconditional promises to give, net	2,499,655	91,275
Government grants receivable	188,487	52,275
Accounts receivable - projects:		
Without donor restriction, net	37,943	280,434
With donor restrictions	167,432	123,585
Prepaid expenses	52,751	20,417
Investments:		
Without donor restrictions	2,806,928	2,783,827
With donor restrictions	6,597,304	4,453,937
Investments held by the Denver Foundation	1,409,008	1,634,264
Assets held under split interest agreement (Note 9)	208,000	208,000
Investments held for others	478,718	
Beneficial interests in assets held by the Summit Foundation	570,425	570,203
Beneficial interests in assets held by CFNC	690,267	656,691
Property and equipment, net	<u>362,435</u>	<u>386,809</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 23,178,767</u></u>	<u><u>\$ 16,077,832</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 70,858	\$ 152,017
Accrued liabilities	69,236	81,988
Refundable advance	133,572	
Deferred lease incentive	38,655	48,844
Liabilities under split interest agreement (Note 9)	94,695	101,259
Funds held on behalf of others	478,718	
Note payable	<u>6,101</u>	<u>10,674</u>
Total Liabilities	<u>891,835</u>	<u>394,782</u>
Net Assets:		
Without donor restrictions:		
Operating	6,895,647	4,942,115
Board designated reserves	3,093,495	3,070,934
Net investment in property and equipment	<u>362,435</u>	<u>386,809</u>
Total Without Donor Restrictions	10,351,577	8,399,858
With donor restrictions	<u>11,935,355</u>	<u>7,283,192</u>
Total Net Assets	<u>22,286,932</u>	<u>15,683,050</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 23,178,767</u></u>	<u><u>\$ 16,077,832</u></u>

The accompanying notes are an integral part of the financial statements.

# COLORADO OPEN LANDS AND COL FOUNDATION

## Consolidated Statement Of Activities

For The Year Ended March 31, 2022

(With Summarized Financial Information For The Year Ended March 31, 2021)

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	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Support And Revenue:</b>				
Contributions	\$ 2,287,819	\$ 4,163,465	\$ 6,451,284	\$ 2,312,771
Contribution received in acquisition	417,602	1,461,381	1,878,983	1,603,221
Contributed conservation easements	15,200,535		15,200,535	17,352,019
Grants	12,475,825		12,475,825	5,794,834
Special events, net of direct benefit to donor	94,339		94,339	
Loss on disposal of land	(80,000)		(80,000)	
Investment income (loss), net	199,609	316,281	515,890	2,256,757
Change in value of split interest agreement		6,565	6,565	6,386
Change in value of beneficial interests		33,799	33,799	308,069
Program income	324,596		324,596	323,873
Net assets released from restrictions:				
Satisfaction of program and time restrictions	1,329,328	(1,329,328)		
<b>Total Support And Revenue</b>	<b>32,249,653</b>	<b>4,652,163</b>	<b>36,901,816</b>	<b>29,957,930</b>
<b>Expenses:</b>				
<b>Program Services -</b>				
Conservation easements	27,059,200		27,059,200	22,353,800
Other program activities	2,393,742		2,393,742	2,033,141
<b>Total Program Services</b>	<b>29,452,942</b>		<b>29,452,942</b>	<b>24,386,941</b>
<b>Supporting Services -</b>				
General and administrative	384,217		384,217	348,700
Fundraising	460,775		460,775	420,114
<b>Total Supporting Services</b>	<b>844,992</b>		<b>844,992</b>	<b>768,814</b>
<b>Total Expenses</b>	<b>30,297,934</b>		<b>30,297,934</b>	<b>25,155,755</b>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<b>1,951,719</b>	<b>4,652,163</b>	<b>6,603,882</b>	<b>4,802,175</b>
Net Assets, Beginning Of Year,	8,399,858	7,283,192	15,683,050	10,880,875
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 10,351,577</b>	<b>\$ 11,935,355</b>	<b>\$ 22,286,932</b>	<b>\$ 15,683,050</b>

The accompanying notes are an integral part of the financial statements.

# COLORADO OPEN LANDS AND COL FOUNDATION

## Consolidated Statement Of Functional Expenses

For The Year Ended March 31, 2022

(With Summarized Financial Information for the Year Ended March 31, 2021)

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	Conservation Easements	Other Program Services	General & Admin	Fundraising	2022 Total	2021 Total
Salaries	\$	\$ 964,147	\$ 215,634	\$ 300,763	\$ 1,480,544	\$ 1,306,908
Staff benefits		135,804	26,873	38,838	201,515	159,638
Payroll taxes		74,069	16,048	22,137	112,254	96,325
Total salaries and related expenses	-	1,174,020	258,555	361,738	1,794,313	1,562,871
Bad debt expense					-	6,100
Conservation easements	27,059,200				27,059,200	22,353,800
Conferences and training		2,731	859	189	3,779	-
Depreciation		12,658	2,755	3,941	19,354	15,768
Dues and subscriptions		20,456		2,995	23,451	18,628
Fundraising/public relations		1,083		12,483	13,566	1,934
Information technology		37,522	13,574	9,731	60,827	49,644
Insurance		35,611	31,219	636	67,466	54,387
Interest			473		473	718
Office expenses		26,276	11,313	18,920	56,509	52,766
Printing		9,968		6,393	16,361	9,142
Professional fees		294,563	35,917	720	331,200	407,313
Project expenses		632,074	7,300		639,374	460,438
Rent		88,857	16,939	31,311	137,107	131,052
Taxes and licenses		4,454	1,467	1,732	7,653	10,135
Travel and meals		53,469	3,846	9,986	67,301	21,059
Total	\$ 27,059,200	\$ 2,393,742	\$ 384,217	\$ 460,775	\$ 30,297,934	\$ 25,155,755

The accompanying notes are an integral part of the financial statements.

# COLORADO OPEN LANDS AND COL FOUNDATION

## Consolidated Statement Of Cash Flows

For The Year Ended March 31, 2022

(With Summarized Financial Information For The Year Ended March 31, 2021)

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	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets from operations	\$ 6,603,882	\$ 4,802,175
Adjustments to reconcile changes in net assets from operations to net cash provided by operating activities:		
Depreciation	19,354	15,769
Net realized and unrealized (gain) on investments	(367,310)	(2,090,522)
Bad debt expense		6,100
Change in value of beneficial interest	(33,799)	(308,069)
Change in value of split interest agreement	(6,565)	(6,386)
Forgiveness of Paycheck Protection Program funds		(273,800)
Loss on disposal of property and equipment	80,000	7,000
Changes in assets and liabilities -		
(Increase) decrease in unconditional promises to give	(2,408,380)	37,864
(Increase) decrease in accounts receivable - projects	198,644	(298,575)
(Increase) decrease in government grants receivable	(136,212)	129,380
(Increase) in prepaid expenses	(32,334)	(6,100)
Increase (decrease) in accounts payable	(81,167)	65,349
(Decrease) in deferred revenue	(10,189)	(7,591)
Increase (decrease) in accrued liabilities	(12,752)	21,158
Increase in refundable advance	133,572	
Net cash provided by operating activities	<u>3,946,744</u>	<u>2,093,752</u>
Cash flows from investing activities:		
Proceeds from sale of investments	2,201,525	4,998,046
Purchases of investments	(3,775,417)	(5,714,185)
Acquisition of property and equipment	(74,980)	(125,700)
Net cash (used in) investing activities	<u>(1,648,872)</u>	<u>(841,839)</u>
Cash flows from financing activities:		
Refundable advance proceeds		273,800
Payments on note payable	(4,573)	(4,357)
Net cash provided by (used in) financing activities	<u>(4,573)</u>	<u>269,443</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,293,299</b>	<b>1,521,356</b>
Cash And Cash Equivalents, Beginning Of Year	<u>4,816,115</u>	<u>3,294,759</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 7,109,414</u></b>	<b><u>\$ 4,816,115</u></b>



# COLORADO OPEN LANDS AND COL FOUNDATION

Notes To Consolidated Financial Statements  
For The Year Ended March 31, 2022

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## (1) Nature Of The Organizations

The Organization is a Colorado not-for-profit corporation incorporated in 1981. In 1987, due to expanded activities, the Organization was restructured into the following entities:

### Colorado Open Lands

Colorado Open Lands operates as a not-for-profit, public charity (501)(c)(3) corporation, and receives donations in the furtherance of its goal to preserve significant open lands through private and public partnerships, innovative land conservation techniques and strategic leadership.

### COL Foundation

COL Foundation is a not-for-profit corporation which operates as a support foundation for Colorado Open Lands, receiving donations and contributions. The COL Foundation was formed by the Board of Directors of Colorado Open Lands to create an entity with greater flexibility to hold property, manage investments and produce income for the benefit of Colorado Open Lands. Currently all of the directors of COL Foundation are appointed by the Board of Directors of Colorado Open Lands.

The majority of the Organization's support and revenue is derived from conservation easements, contributions, and grants. All significant inter-company accounts and transactions have been eliminated.

## (2) Summary of Significant Accounting Policies

### Method Of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

### Basis Of Accounting

Financial statement presentation follows the recommendations of *Financial Statements for Not-for-Profit Organizations*. Under this standard, the Organization is required to report information regarding financial position and activities 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, whereby the donor has stipulated the funds must be maintained in perpetuity.

#### Measure Of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services and investment earnings. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

#### Risks And Uncertainties

The global community has been under a significant threat from coronavirus ("COVID-19"). The extent to which the COVID-19 pandemic impacts the Organization's business, results of operations and financial condition will depend on future developments, which are still uncertain and cannot be predicted. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

#### Use Of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenue, and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash And Cash Equivalents

The Organization considers cash and cash equivalents to be cash on hand, demand deposits and repurchase accounts with maturities of 90 days or less, except those held for long-term investments.

#### Accounts Receivable

The Organization uses the allowance method to determine uncollectible receivables. Amounts are considered past due based on the terms of the agreement. The Organization's policy for charging off receivables is when future payments thereon are determined to be improbable. Accounts receivable are presented net of an allowance for doubtful accounts of \$10,000 as of March 31, 2022.

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Fair Value Measurements

The Organization follows *Fair Value Measurements* which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the standard are described below:

Level 1        Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2        Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3        Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Equities, fixed income and exchange traded funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the published net asset value (NAV) of the shares held at the reporting date.

*Investments held by the Denver Foundation:* Valued as reported by the Denver Foundation.

*Investments held by the Community Foundation of Northern Colorado:* Valued as reported by the Community Foundation of Northern Colorado.

*Beneficial interests in assets held by the Summit Foundation:* Valued as reported by the Summit Foundation.

*Beneficial interests in assets held by the Community Foundation of Northern Colorado:* Valued as reported by the Community Foundation of Northern Colorado.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position. The carrying amount reported in the consolidated statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

#### Property And Equipment

Property and equipment additions over \$2,500 are capitalized and recorded at cost, or if donated, at the estimated fair value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of assets and related accumulated depreciation are removed from the accounts, and any resulting gains or loss is included in the statement of activities. Repairs and maintenance costs are charged to expense when incurred.

Management assess the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. If impairment is indicated, the loss is measured based on the amount by which the carrying value exceeds fair value. Management does not believe that any indicators of impairment occurred during the year ended March 31, 2022.

#### Revenue And Revenue Recognition

Program income from project fee services is recognized as performance obligations are met. The performance obligation consists of completing a project or providing program services. Payments are due to the Organization within 30 days once invoiced. As of March 31, 2022, the timing of transfer of goods or services was over time (\$118,778) and at a point in time (\$205,818). Special events revenues are recognized as the events are held.

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. As of the March 31, 2022, all unconditional promises to give are due within one year. Management expects that all promises to give will be fully collectible; accordingly, there is no allowance for uncollectible promises to give.

Conditional promises to give with a measurable performance or other barrier and a right of return/right of release are not recognized until the conditions on which they depend have been met. As of March 31, 2022, contributions approximating \$818,470, have not been recognized in the accompanying statement of activities because the condition on which they depend has not yet been met. The conditional contributions depend upon projects being completed.

A portion of the Organization's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$17,221,109 that have not been recognized as of March 31, 2022, because qualifying expenditures have not yet been incurred.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. 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.

The Organization receives gifts of conservation easements, which represent numerous restrictions over the use and development of land not owned by the Organization. The donated value of conservation easements are recorded, based on the appraised value when available, as revenue when received and an expense is recorded for an equal amount whether the conservation easement is held by the Organization or transferred to an eligible entity. Donated conservation easements are recorded at the estimated fair value when an appraisal is not available. The Organization's policy for conservation easements is that the benefits flow through to the general public and therefore are not capitalized on the statement of financial position. The Organization monitors activities on the land and enforces restrictions contained in both donated and purchased conservation easements.

The Organization holds 676 conservation easements protecting approximately 494,820 acres in 50 counties throughout Colorado. Conservation easements are interests in land which possess conservation value, but not economic value to the Organization.

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Methods Used For Allocation Of Expenses From Management And General Activities

The cost of providing program and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis. Salaries and related payroll, benefits, and contracted services are allocated based on time and effort. Insurance, utilities, repairs and maintenance, and depreciation are allocated based on headcount of employees in each department.

Prior-Year Amounts

The consolidated 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended March 31, 2021, from which the summarized information was derived.

Evaluation Of Subsequent Events

The Organization has performed an evaluation of subsequent events through September 9, 2022, which is the date the consolidated financial statements were available to be issued, and has considered any relevant matters in the preparation of the consolidated financial statements and footnotes.

(3) **Tax Exempt Status**

Colorado Open Lands and COL Foundation are not-for-profit corporations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code. As such, donors are entitled to a charitable deduction for their contribution to the Organization.

The Organization follows *Accounting for Uncertainty in Income Taxes*, which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended March 31, 2022, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

## COLORADO OPEN LANDS AND COL FOUNDATION

Notes To Consolidated Financial Statements  
For The Year Ended March 31, 2022

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Colorado Open Lands and COL Foundation are no longer subject to U.S. federal audits on its Form 990 by taxing authorities for fiscal years ending prior to 2019. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no material issues would arise.

### (4) Concentrations of Credit Risk

The Organization has cash deposits held at financial institutions in which deposits are insured up to \$250,000 per institution by the FDIC. As of March 31, 2022, the Organization's cash demand deposits did exceed FDIC insurance limit by approximately \$6,581,000.

### (5) Investments

Fair value of investments which are valued on a recurring basis, have been categorized within the fair value hierarchy as of March 31, 2022, and are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments held by the				
Denver Foundation	\$	\$	\$ 1,409,008	\$ 1,409,008
Beneficial interests in assets				
held by the Summit Foundation			570,425	570,425
Beneficial interests in assets				
held by CFNC			690,267	690,267
Mutual funds and ETF's -				
Large blend	6,406,258			6,406,258
Intermediate term bond	2,224,466			2,224,466
Foreign large blend	46,502			46,502
Fixed income -				
Taxable bonds	297,740			297,740
Tax exempt bonds	176,743			176,743
Total investments at fair value	<u>\$ 9,151,709</u>	<u>\$</u>	<u>\$ 2,669,700</u>	<u>\$ 11,821,409</u>
Money markets				731,241
Total Investments				<u>\$ 12,552,650</u>

## COLORADO OPEN LANDS AND COL FOUNDATION

Notes To Consolidated Financial Statements  
For The Year Ended March 31, 2022

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The changes in the investments for which the Organization has used Level 3 inputs to determine the fair values are as follows:

Balance, April 1, 2021	\$ 2,861,158
Purchases	24,616
Sales	(348,555)
Interest	45,989
Realized and unrealized gains	125,909
Fees	(39,417)
Balance, March 31, 2022	<u>\$ 2,669,700</u>

(6) **Investments Held By The Denver Foundation**

The Organization entered into an advised fund (the “Fund”) within the Denver Foundation (the “Foundation”) for the benefit of the Organization. The Foundation has sole power to invest and reinvest all property held in the Fund in such manner as the Foundation determines from time to time, after taking into consideration any recommendations made in writing to the Foundation by the Advisory Committee. The Advisory Committee is appointed by the Organization. There are no withdrawal limitations on the Fund. As of March 31, 2022, the investments held by the Denver Foundation was \$1,409,008.

(7) **Beneficial Interest In Assets Held By The Summit Foundation**

The Organization entered into an endowment fund within the Summit Foundation for the benefit of the Organization. The purpose of this endowment fund is to build and provide a stable source of funding for the needs of the Organization, specifically for the benefit of Summit County or the neighboring communities of Park, Lake and Grant counties. The Summit Foundation has sole power to invest and reinvest all monies held in this endowment fund in such manner as the Summit Foundation determines, in compliance with the Summit Foundation’s current Investment and Endowment policies and in accordance with the standard of conduct set forth in Colorado law. The Summit Foundation, at the request of the Organization, may pay an annual distribution of up to 3% to 5% of the market value of this endowment fund based on the previous year’s value, less administrative fees and expenses, in the first quarter of each calendar year to the Organization. As of March 31, 2022 the investments held by the Summit Foundation was \$570,425. During fiscal year 2022, the Organization received a distribution of \$22,464 from the Summit Foundation.

(8) **Beneficial Interest In Assets Held By CFNC**

The Organization entered into an agreement with Community Foundation of Northern Colorado (“CFNC”) to create the Colorado Open Lands Stewardship Endowed Fund (the “Endowed Fund”).



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The purpose of this Endowed Fund is to build and provide a stable source of funding for the operational and capital needs of the stewardship program and legal defense. The Organization granted variance power to the Endowed Fund which allows the Endowed Fund to modify any restriction or condition on its distributions for any specified organizations if, in the sole judgment of CFNC's Board of Trustees such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. The transfer was not considered to be a contribution from the Organization to the Endowed Fund, but rather was accounted for as reciprocal transfer between the Organization and Endowed the Fund. Therefore, the transfers are reflected collectively in the Statement of Financial Position as Beneficial Interest in Assets Held by CFNC.

The Endowed Fund is held and invested by CFNC for the benefit of the Organization. Distributions from the Endowed Fund shall be limited to a sustainable annual amount. The Organization is limited to an annual distribution of no greater than 5% of the Endowed Fund's total market value. As of March 31, 2022, the fair value of the assets of the Endowed Fund was \$690,267. During fiscal year 2022, the Organization received a distribution of \$23,766 from the Endowed Fund.

(9) **Split Interest Agreement**

**Life Interest In Real Estate**

The Organization is the beneficiary of a real estate gift subject to a retained life estate. This gift is a remainder interest in a personal residence where an individual irrevocably transfers title to the Organization with a retained right to the use of the property for a term that is specified in the life estate agreement. At the conclusion of the measuring term, all rights in the property are transferred to the Organization and it is used in accordance with the applicable gift instrument.

At the inception of the real estate gift subject to a retained life estate, the Organization recorded a contribution equal to the fair value of the property less the estimated discounted present value of the use interest. The Organization records the amortization of the life estate interest, initially recorded as deferred revenue, based upon the life expectancy of the donor.

## COLORADO OPEN LANDS AND COL FOUNDATION

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For The Year Ended March 31, 2022

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### (10) Property And Equipment

Property and equipment consisted of the following as of March 31, 2022:

Land	\$ 318,968
Office equipment	83,224
Vehicles	66,524
Conservation easements	<u>1</u>
	468,717
Less accumulated depreciation	(106,282)
Total	<u>\$ 362,435</u>

### (11) Lease Commitments

The Organization leases its office space in Lakewood, Alamosa, Salida, and Westcliffe, Colorado. They also lease storage space in Lakewood, Colorado. Additionally, the Organization leases a copier. All of these leases are operating leases. During the year ended March 31, 2022, the Organization incurred \$137,107 in rent expense, under these agreements.

Future minimum lease payments as of March 31, 2022, are:

Year ending March 31,	
2023	\$ 130,053
2024	132,650
2025	<u>68,935</u>
	<u>\$ 331,638</u>

### (12) Endowment

#### General

The Organization's endowments are held with the Community Foundation of Northern Colorado and the Summit Foundation, as discussed in Note 7 and Note 8.

#### Interpretation Of Relevant Law

The Organization is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Board has interpreted UPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the

# COLORADO OPEN LANDS AND COL FOUNDATION

Notes To Consolidated Financial Statements  
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fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law.

In accordance with UPMIFA, 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 fund, (2) the purposes of the Organization and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) investment policies of the Organization.

## Changes In Endowment Net Assets

Changes in endowment net assets for the year ended March 31, 2022, are as follows:

	<u>With Donor Restrictions</u>
Balance, April 1, 2021	\$ 1,226,894
Contributions	5,000
Distributions	(46,231)
Investment income, net	75,029
Balance, March 31, 2022	<u>\$ 1,260,692</u>

## Underwater Funds

As of March 31, 2022, no funds were underwater.

## Return Objectives And Risk Parameters

The Organization follows the investment and spending policies adopted by CFNC and the Summit Foundation for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity.

## Strategies Employed For Achieving Objectives

To satisfy its long-term objectives for the Colorado Open Lands Stewardship Endowment Fund (the "Endowed Fund"), the Organization relies on the CFNC and the Summit Foundation investment policies and strategies, as discussed in Note 7 and Note 8.

# COLORADO OPEN LANDS AND COL FOUNDATION

Notes To Consolidated Financial Statements  
For The Year Ended March 31, 2022

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## Spending Policy And How The Investment Objectives Relate To Spending Policy

The Organization can receive annual distributions of no greater than five percent of the total market value of the Endowed Fund held by the CFNC. The Organization can also receive annual distributions of 3% to 5% of the market value of the endowment fund held by the Summit Foundation based on the previous year's value, less administrative fees and expenses.

### (13) Board Designated Reserves

As of March 31, 2022, Board designated reserves consisted of the following:

Designated for investment reserve purposes	\$ 570,103
Designated for fields of interest	260,175
Designated for conservation easement purposes	2,236,825
Designated for loan fund	26,392
	<u>\$ 3,093,495</u>

### (14) Net Assets With Donor Restrictions

As of March 31, 2022, net assets with donor restrictions were available for the following purposes:

<u>Subject to Expenditure for Specified Purpose:</u>	
Stewardship of conservation easements	\$ 6,720,386
Land loan fund	200,000
Gates loan fund	76,000
Land preservation	1,364,088
Total Subject to Expenditure for Specified Purpose	<u>8,360,474</u>
<u>Subject to Passage of Time:</u>	
Time restrictions	<u>2,314,189</u>
<u>Subject to Spending Policy and Appropriation:</u>	
Investments held in perpetuity -	
Beneficial interests in assets held by	
the Summit Foundation	570,425
Beneficial interests in assets held by CFNC	690,267
Total Subject to Spending Policy and Appropriation	<u>1,260,692</u>
Total Net Assets With Donor Restrictions	<u>\$ 11,935,355</u>

(15) **Retirement Plan**

The Organization maintains a Safe Harbor 401(k) retirement plan for its eligible employees who can contribute the lesser of their gross wages or the maximum contribution limit established annually by the IRS. The Organization will make a non-elective discretionary contribution of up to 4% of the eligible employees' gross wages. The Organization contributed \$54,424 to the Safe Harbor 401(k) for the year ended March 31, 2022.

(16) **Liquidity And Availability Of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or investments for general expenditures within one year of the statement of financial position date have not been subtracted as unavailable.

Financial assets at year end March 31, 2022:	
Cash and cash equivalents	\$ 7,109,414
Unconditional promises to give	2,499,655
Government grants receivable	188,487
Accounts receivable - projects	205,375
Investments	<u>9,404,232</u>
Total financial assets	19,407,163
Less amounts not available to be used within one year, due to:	
Designated for investment reserve purposes	(570,103)
Designated for fields of interest	(260,175)
Designated for conservation easement purposes	(2,236,825)
Designated for loan fund	(26,392)
Restricted by donor with time or purpose restrictions not expected to be spent within one year	<u>(1,122,948)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$15,190,720</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from

## COLORADO OPEN LANDS AND COL FOUNDATION

Notes To Consolidated Financial Statements  
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events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. Reserve liquidity needs will be met by maintaining a minimum cash balance of \$500,000. These funds may be only invested in money market funds or equivalent short-term investment vehicles. With the permission of the COL Board, the cash balance may decrease to \$150,000 on a temporary basis. In the event of an unanticipated liquidity need, the Organization also could draw upon its board designated net assets.

### (18) San Isabel Land Protection Trust

The Board of Directors voted to acquire San Isabel Land Protection Trust (the "Trust"). The acquisition was effective December 31, 2021. No consideration was paid by the Organization to acquire the Trust. With the cooperation of the Trust, Colorado Open Lands has taken over the Trust's programs. The Organization prepares financial statements and the accompanying footnotes in conformity with generally accepted accounting principles. Accordingly, the transaction herein is described and recognized as an acquisition for financial reporting purposes only. The binding legal documents of the transaction describe the transaction as a merger. The Organization's management and Board of Directors believe the term merger best captures the substance and operational intent of the transaction. As a result of the acquisition, the fair value of the assets acquired exceeded liabilities which resulted in a contribution as detailed below:

Fair value of assets acquired	\$ 1,883,678
Liabilities assumed	(4,695)
Contributions received in acquisition	<u>\$ 1,878,983</u>

### (19) New Accounting Pronouncement

In December of 2018, FASB issued ASU No. 2018-20, Leases. ASU No. 2018-20 which requires the Organization to recognize all leased assets on the statement of financial position with corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosure as to the nature and extend of leasing activities. The requirements of this statements are effective for the Organization's year ended March 31, 2023. The Organization has not evaluated the impact due to the timing of implementation of this standard.

# COLORADO OPEN LANDS AND COL FOUNDATION

## Consolidated Schedule Of Financial Position

As Of March 31, 2022

(With Summarized Financial Information for the Year Ended March 31, 2021)

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	Colorado Open Lands	COL Foundation	Eliminations	2022 Total	2021 Total
<b>ASSETS</b>					
Cash and cash equivalents:					
Without donor restrictions	\$ 5,905,644	\$	\$	\$ 5,905,644	\$ 3,698,584
With donor restrictions	1,150,911	52,859		1,203,770	1,117,531
Unconditional promises to give	2,394,189	195,466	(90,000)	2,499,655	91,275
Government grant receivable	188,487			188,487	52,275
Accounts receivable - projects:					
Without donor restrictions, net	37,943			37,943	280,434
With donor restrictions	167,432			167,432	123,585
Prepaid expenses	52,751			52,751	20,417
Investments:					
Without donor restrictions	570,103	2,236,825		2,806,928	2,783,827
With donor restrictions	125,225	6,472,079		6,597,304	4,453,937
Investments held by the Denver Foundation	1,409,008			1,409,008	1,634,264
Assets held under split interest agreement	208,000			208,000	208,000
Investments held for others	478,718			478,718	
Beneficial interest in assets held by the Summit Foundation		570,425		570,425	570,203
Beneficial interest in assets held by CFNC	690,267			690,267	656,691
Net property and equipment	362,435			362,435	386,809
<b>TOTAL ASSETS</b>	<b>\$ 13,741,113</b>	<b>\$ 9,527,654</b>	<b>\$ (90,000)</b>	<b>\$ 23,178,767</b>	<b>\$ 16,077,832</b>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities:					
Accounts payable	\$ 160,858	\$	\$ (90,000)	\$ 70,858	\$ 152,017
Accrued liabilities	69,236			69,236	81,988
Refundable advance	133,572			133,572	
Deferred lease incentive	38,655			38,655	48,844
Liabilities under split interest agreement	94,695			94,695	101,259
Funds held on behalf of others	478,718			478,718	
Note payable	6,101			6,101	10,674
Total Liabilities	981,835		(90,000)	891,835	394,782
Net Assets:					
Without Donor Restrictions:					
Operating	6,895,629	18		6,895,647	4,942,115
Board designated reserves	856,670	2,236,825		3,093,495	3,070,934
Net investment in property and equipment	362,435			362,435	386,809
Total Without Donor Restrictions	8,114,734	2,236,843		10,351,577	8,399,858
With donor restrictions	4,644,544	7,290,811		11,935,355	7,283,192
Total Net Assets	12,759,278	9,527,654		22,286,932	15,683,050
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,741,113</b>	<b>\$ 9,527,654</b>	<b>\$ (90,000)</b>	<b>\$ 23,178,767</b>	<b>\$ 16,077,832</b>

# COLORADO OPEN LANDS AND COL FOUNDATION

## Consolidated Schedule Of Activities

For The Year Ended March 31, 2022

(With Summarized Financial Information for the Year Ended March 31, 2021)

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	Colorado Open Lands	COL Foundation	Eliminations	2022 Total	2021 Total
<b>Support And Revenue:</b>					
Contributions	\$ 5,764,023	\$ 687,261	\$	\$ 6,451,284	\$ 2,312,771
Contributions received in acquisition	542,828	\$ 1,336,155		1,878,983	1,603,221
Conservation easements	15,200,535			15,200,535	17,352,019
Grants	12,771,165	30,547	(325,887)	12,475,825	5,794,834
Special events, net	94,339			94,339	
Loss on disposal of land	(80,000)			(80,000)	
Investment income (loss), net	81,280	434,610		515,890	2,256,757
Change in value of split interst agreement	6,565			6,565	6,386
Change in value of beneficial interests	33,799			33,799	308,069
Program income	324,596			324,596	323,873
<b>Total Support and Revenue</b>	<b>34,739,130</b>	<b>2,488,573</b>	<b>(325,887)</b>	<b>36,901,816</b>	<b>29,957,930</b>
<b>Expenses:</b>					
<b>Program Services -</b>					
Conservation easements	27,059,200			27,059,200	22,353,800
Other program activities	2,431,789	287,840	(325,887)	2,393,742	2,033,141
<b>Total Program Services</b>	<b>29,490,989</b>	<b>287,840</b>	<b>(325,887)</b>	<b>29,452,942</b>	<b>24,386,941</b>
<b>Supporting Services -</b>					
General and administrative	384,217			384,217	348,700
Fundraising	460,775			460,775	420,114
<b>Total Supporting Services</b>	<b>844,992</b>			<b>844,992</b>	<b>768,814</b>
<b>Total Expenses</b>	<b>30,335,981</b>	<b>287,840</b>	<b>(325,887)</b>	<b>30,297,934</b>	<b>25,155,755</b>
<b>CHANGES IN NET ASSETS FROM OPERATIONS</b>	<b>4,403,149</b>	<b>2,200,733</b>		<b>6,603,882</b>	<b>4,802,175</b>
Net Assets, Beginning Of Year	8,356,129	7,326,921		15,683,050	10,880,875
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 12,759,278</b>	<b>\$ 9,527,654</b>	<b>\$</b>	<b>\$ 22,286,932</b>	<b>\$ 15,683,050</b>