

Colorado Cattlemen's Agricultural Land Trust

Financial Statements and Single Audit Reports

June 30, 2022 and 2021

(With Independent Auditor's Report Thereon)

Colorado Cattlemen’s Agricultural Land Trust
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Independent Auditor's Report

**Board of Directors
Colorado Cattlemen's Agricultural Land Trust**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Colorado Cattlemen's Agricultural Land Trust (the Land Trust), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Land Trust as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Land Trust 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 opinions.

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 the Land Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Colorado Cattlemen's Agricultural Land Trust

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 and *Government 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 and *Government 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 Land Trust'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 Land Trust'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Board of Directors
Colorado Cattlemen's Agricultural Land Trust

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 on our consideration of the Land Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Land Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Land Trust's internal control over financial reporting and compliance.

Kundinger, Corder & Montoya, P.C.

October 12, 2022

Colorado Cattlemen's Agricultural Land Trust
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 1,493,423	1,273,700
Contributions and grants receivable	253,950	42,250
Prepaid expenses and other assets	57,139	50,946
Loans receivable (note 9)	76,167	—
Investments (note 3)	9,273,858	10,427,682
Property and equipment, net (note 4)	614,002	630,181
Total assets	<u>\$ 11,768,539</u>	<u>12,424,759</u>
Liabilities and Net Assets		
Accounts payable	\$ 92,635	32,473
Accrued liabilities	187,114	139,465
Deferred revenue (note 5)	192,667	133,160
Total liabilities	<u>472,416</u>	<u>305,098</u>
Net assets (note 9)		
Without donor restrictions	2,069,692	1,569,882
With donor restrictions	9,226,431	10,549,779
Total net assets	<u>11,296,123</u>	<u>12,119,661</u>
Commitments (notes 7, 8 and 10)		
Total liabilities and net assets	<u>\$ 11,768,539</u>	<u>12,424,759</u>

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Statement of Activities
Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Operating activities			
Support and revenue			
Contributions and grants	\$ 574,727	684,657	1,259,384
Grants for the purchase of conservation easements			
Federal	2,578,750	—	2,578,750
Non-federal	1,556,393	—	1,556,393
Contributions of conservation easements	34,093,457	—	34,093,457
Special events revenue	293,444	—	293,444
Less cost of direct benefits to donors	(54,565)	—	(54,565)
Service fee income	776,494	—	776,494
Miscellaneous income	575	—	575
Net assets released from restrictions (note 9)	805,098	(805,098)	—
Total support and revenue	<u>40,624,373</u>	<u>(120,441)</u>	<u>40,503,932</u>
Expenses			
Program services			
Conservation easements	38,228,600	—	38,228,600
Other conservation expenses	1,046,640	—	1,046,640
Total program services	39,275,240	—	39,275,240
Supporting services			
Management and general	508,431	—	508,431
Fund raising	173,174	—	173,174
Total supporting services	681,605	—	681,605
Total expenses	39,956,845	—	39,956,845
Change in net assets from operations	667,528	(120,441)	547,087
Non-operating activities			
Investment return	(167,718)	(1,202,907)	(1,370,625)
Total non-operating activities	(167,718)	(1,202,907)	(1,370,625)
Change in net assets	499,810	(1,323,348)	(823,538)
Net assets at beginning of year	1,569,882	10,549,779	12,119,661
Net assets at end of year	<u>\$ 2,069,692</u>	<u>9,226,431</u>	<u>11,296,123</u>

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Statement of Activities
Year Ended June 30, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Operating activities			
Support and revenue			
Contributions and grants	\$ 519,180	671,808	1,190,988
Forgiveness of Paycheck Protection Program loan (note 6)	129,000	—	129,000
Grants for the purchase of conservation easements			
Federal	2,251,741	—	2,251,741
Non-federal	2,255,000	—	2,255,000
Contributions of conservation easements	19,990,459	—	19,990,459
Special events revenue	181,532	—	181,532
Less cost of direct benefits to donors	(15,034)	—	(15,034)
Service fee income	231,149	—	231,149
Miscellaneous income	2,247	—	2,247
Net assets released from restrictions (note 9)	691,828	(691,828)	—
Total support and revenue	<u>26,237,102</u>	<u>(20,020)</u>	<u>26,217,082</u>
Expenses			
Program services			
Conservation easements	24,497,200	—	24,497,200
Other conservation expenses	932,039	—	932,039
Total program services	25,429,239	—	25,429,239
Supporting services			
Management and general	424,875	—	424,875
Fund raising	188,045	—	188,045
Total supporting services	612,920	—	612,920
Total expenses	26,042,159	—	26,042,159
Change in net assets from operations	194,943	(20,020)	174,923
Non-operating activities			
Investment return	248,702	1,953,588	2,202,290
Total non-operating activities	248,702	1,953,588	2,202,290
Change in net assets	443,645	1,933,568	2,377,213
Net assets at beginning of year	1,126,237	8,616,211	9,742,448
Net assets at end of year	<u>\$ 1,569,882</u>	<u>10,549,779</u>	<u>12,119,661</u>

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Statement of Functional Expenses
Year Ended June 30, 2022

		Supporting services			
	Program	Management	Fund	Total	Total
	services	and	raising	supporting	expenses
		general		services	
Conservation easements	\$ 38,228,600	—	—	—	38,228,600
Salaries, employee benefits, and payroll taxes	494,977	421,080	101,009	522,089	1,017,066
Project and stewardship expense	350,309	—	—	—	350,309
Special events expense	—	—	69,375	69,375	69,375
Information technology	29,847	21,810	6,417	28,227	58,074
Insurance	37,492	9,273	2,224	11,497	48,989
Printing and publications	23,573	—	24,372	24,372	47,945
Professional fees	13,197	23,402	984	24,386	37,583
Occupancy	11,517	9,798	2,350	12,148	23,665
Miscellaneous	13,618	1,518	7,734	9,252	22,870
Conferences, meetings, and training	16,601	2,272	545	2,817	19,418
Travel and meals	14,391	2,943	2,039	4,982	19,373
Public policy	17,105	—	—	—	17,105
Dues and subscriptions	7,996	6,802	1,632	8,434	16,430
Depreciation	10,954	4,214	1,011	5,225	16,179
Office expenses	4,190	4,414	7,182	11,596	15,786
Fellows program	326	905	865	1,770	2,096
Certification/accreditation	547	—	—	—	547
Total functional expenses	39,275,240	508,431	227,739	736,170	40,011,410
Less expenses included with revenue in the statement of activities:					
Special events direct benefit to donors	—	—	(54,565)	(54,565)	(54,565)
Total expenses	\$ 39,275,240	508,431	173,174	681,605	39,956,845

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust

Statement of Functional Expenses

Year Ended June 30, 2021

		Supporting services			
	Program services	Management and general	Fund raising	Total supporting services	Total expenses
Conservation easements	\$ 24,497,200	—	—	—	24,497,200
Salaries, employee benefits, and payroll taxes	390,580	333,558	86,885	420,443	811,023
Project and stewardship expense	316,510	—	—	—	316,510
Information technology	87,103	23,311	10,323	33,634	120,737
Professional fees	22,430	25,103	6,882	31,985	54,415
Insurance	35,816	8,533	2,223	10,756	46,572
Printing and publications	19,926	—	20,734	20,734	40,660
Special events expense	—	—	28,953	28,953	28,953
Marketing expense	—	—	26,129	26,129	26,129
Occupancy	10,000	8,540	2,224	10,764	20,764
Office expenses	3,425	3,393	10,162	13,555	16,980
Depreciation	10,901	4,187	1,091	5,278	16,179
Miscellaneous	7,479	1,998	5,123	7,121	14,600
Fellows program	4,095	9,522	333	9,855	13,950
Dues and subscriptions	6,293	5,374	1,400	6,774	13,067
Conferences, meetings, and training	10,614	236	62	298	10,912
Travel and meals	5,340	1,120	555	1,675	7,015
Public policy	1,000	—	—	—	1,000
Certification/accreditation	527	—	—	—	527
Total functional expenses	25,429,239	424,875	203,079	627,954	26,057,193
Less expenses included with revenue in the statement of activities:					
Special events direct benefit to donors	—	—	(15,034)	(15,034)	(15,034)
Total expenses	\$ 25,429,239	424,875	188,045	612,920	26,042,159

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (823,538)	2,377,213
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	16,179	16,179
Forgiveness of Paycheck Protection Program loan	—	(129,000)
Contributions restricted for long-term purposes	(368,279)	(324,392)
Investment income on contributions restricted for long-term purposes	(343,632)	(104,999)
Net realized and unrealized (gains) losses on investments	1,791,074	(2,067,591)
Change in operating assets and liabilities		
Contributions and grants receivable	(211,700)	38,160
Prepaid expenses and other assets	(6,193)	(15,980)
Accounts payable and accrued liabilities	107,811	12,183
Deferred revenue	59,507	75,355
Net cash provided by (used in) operating activities	<u>221,229</u>	<u>(122,872)</u>
Cash flows from investing activities		
Net loan repayments (disbursements)	(76,167)	15,908
Net purchases of investments	<u>(637,250)</u>	<u>(150,174)</u>
Net cash used in investing activities	<u>(713,417)</u>	<u>(134,266)</u>
Cash flows from financing activities		
Contributions restricted for long-term purposes	368,279	324,392
Investment income on contributions restricted for long-term purposes	<u>343,632</u>	<u>104,999</u>
Net cash provided by financing activities	<u>711,911</u>	<u>429,391</u>
Net change in cash and cash equivalents	219,723	172,253
Cash and cash equivalents at beginning of year	<u>1,273,700</u>	<u>1,101,447</u>
Cash and cash equivalents at end of year	<u>\$ 1,493,423</u>	<u>1,273,700</u>

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements
June 30, 2022 and 2021

(1) Summary of Significant Accounting Policies

(a) Organization

Colorado Cattlemen's Agricultural Land Trust (the Land Trust) was established in 1995 to conserve Colorado's western heritage and working landscapes for the benefit of future generations. Support for the Land Trust's activities generally comes from individual donor contributions, private and government grants, and service fees.

On September 13, 2019, the Land Trust formed Yampa Valley Land Trust, LLC (the LLC), a single-member limited liability company with the Land Trust as its sole member. The Land Trust has determined that the LLC is a disregarded entity for federal income tax purposes and is treated in the same manner as a branch or division of the single member.

(b) Basis of Accounting

The accompanying financial statements of the Land Trust have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

(c) Financial Statement Presentation

The Land Trust is required to present information regarding its 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 Land Trust. These net assets may be used at the discretion of the Land Trust'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 Land Trust 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.

(d) Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Land Trust's ongoing easement activities, contributions, grants, special events and service fee income. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Colorado Cattlemen's Agricultural Land Trust

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Cash and Cash Equivalents

The Land Trust considers all highly liquid investments with an initial maturity of three months or less, and which are not held by investment managers as part of an investment portfolio, to be cash equivalents.

(f) Concentrations

Financial instruments which potentially subject the Land Trust to concentrations of credit risk consist of cash and cash equivalents, investments, and contributions and grants receivable. The Land Trust places its cash and cash equivalents with creditworthy, high quality financial institutions. At times during the year, a portion of the Land Trust's cash deposits may not be insured by the Federal Deposit Insurance Corporation (FDIC) or related entity.

The Land Trust has significant investments in stocks, bonds, mutual funds and money market accounts and is therefore subject to concentrations of credit risk. Investments are made by investment managers that have been engaged by the Trust and are monitored by the management of the Land Trust and an independent investment advisor pursuant to an investment policy established by the Board of Directors. Though the market values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Land Trust.

Credit risk with respect to contributions and grants receivable is limited due to the credit worthiness of the entities that comprise the contributor base.

The Land Trust generally receives a significant amount of support from the U.S. Department of Agriculture and is reliant on tax incentives provided at the state level for landowners. The Land Trust is also dependent on the services of qualified appraisers in order to complete conservation easement transactions. A decrease in grants from the Department of Agriculture, a change in the current state tax incentives, or changes to the regulations of appraisers could all have an adverse impact on the Land Trust's operations.

(g) Investments

Investments are recorded at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Fair value is more fully discussed below. Management is responsible for the fair value measurement of investments reported in the financial statements and believes that the reported values are reasonable.

Investment return consists of the Land Trust's share of any interest, dividends, capital gains and losses generated from investments, as well as the change in fair value of the investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the statement of activities.

Colorado Cattlemen's Agricultural Land Trust

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles in the U.S. establishes a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs).

Assets are grouped 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 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. These classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

(i) Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years. The Land Trust capitalizes all property and equipment with a useful life of more than one year and a cost greater than or equal to \$2,500.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Conservation Easements

The Land Trust receives gifts of conservation easements and grants toward the purchase of conservation easements. The easements contain numerous restrictions over the use and development of land, which is not owned by the Land Trust. The value of donated conservation easements is based on the appraised value as determined by an independent appraiser. Easements are recorded as revenue when they are received, and an expense is recorded for an equal amount whether the easement is held by the Land Trust or transferred to an eligible entity. Grants received for the purchase of conservation easements are recorded as revenue and as a conservation easement expense when the easement is purchased.

The Land Trust monitors activities on the land and enforces restrictions contained in both donated and purchased conservation easements. The value of the easements is not reflected in the statements of financial position because the easements have no economic value to the Land Trust. The Land Trust cannot sell conservation easements.

(k) Revenue Recognition

Contributions and Grants

Contributions and grants are recognized when cash, securities or other assets, and unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Should the Land Trust substantially meet the conditions in the same period that the contribution was received, and barring any further donor-imposed restrictions, the Land Trust has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as refundable advances in the statements of financial position.

The Land Trust does not record contributions and grants committed to the purchase of conservation easements and completion of conservation projects until the easements are purchased or projects completed. Contributions and grants committed to future conservation easements and projects, which have not been recorded at June 30, 2022 and 2021, total \$12,925,078 and \$6,443,424, respectively. Cash received under these contributions and grants is reported as deferred revenue until the conservation easement project is complete.

Colorado Cattlemen's Agricultural Land Trust

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Revenue Recognition, Continued

Contributions and Grants (Continued)

Contributions and grants 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. 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 statements of activities as net assets released from restrictions.

Contributions and grants receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Management uses the direct write-off method to recognize bad debt expense on uncollectible amounts.

Special events revenue

Special events revenue consists of ticket sales and sponsorships for various special events. Ticket sales and sponsorships may be received in advance of the event taking place and are recorded as deferred revenue. These amounts are recorded as revenue the day the event takes place.

Service fee income

Service fee income mainly consists of fees from services provided by the Land Trust in connection with a conservation easement project. These fees are recognized when the easement is purchased, or project is completed. Occasionally, the Land Trust receives settlement income from easement violations. Revenue is recognized from settlements when the cash is received as there is uncertainty as to the receipt of the funds and the specific amount that will be received.

(l) Donated Goods and Services

Donated conservation easements are recorded at fair value. Donated goods and services are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation or capitalized if they meet the capitalization criteria. Donated auction items are recorded at the cash sales price at the time of sale and included in special event revenue. Many individuals volunteer their time and perform a variety of tasks that assist the Land Trust in its programs and general operations. These services are not recognized in the financial statements because they do not meet the criteria for recognition under generally accepted accounting principles. For the years ended June 30, 2022 and 2021, there were no significant amounts of donated goods and services.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. The Land Trust incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Land Trust also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e., fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

(n) Estimates

The preparation of 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 and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Income Tax Status

The Land Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. However, income from activities not directly related to the Land Trust's tax-exempt purpose is subject to taxation as unrelated business income. There was no unrelated business income during the year ended June 30, 2022 and 2021, respectively.

Management is required to evaluate tax positions taken by the Land Trust and recognize a tax liability (or asset) if the Land Trust has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. The Land Trust has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements and determined there are none. The Land Trust is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The three previous tax years remain subject to examination.

(p) Subsequent Events

The Land Trust has evaluated subsequent events through October 12, 2022, the date the financial statements were available to be issued.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements, Continued

(2) Availability and Liquidity of Financial Assets

The following represents the Land Trust's financial assets as of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year end		
Cash and cash equivalents	\$ 1,493,423	1,273,700
Contributions and grants receivable	253,950	42,250
Loans receivable	76,167	—
Investments	<u>9,273,858</u>	<u>10,427,682</u>
Total financial assets	11,097,398	11,743,632
Less amounts not available to be used within one year		
Net assets with donor restrictions	9,226,431	10,549,779
Less endowment funds not included in financial assets	(601,960)	(609,002)
Less endowment funds to be appropriated within one year	(351,000)	(321,000)
Less net assets with purpose restrictions expected to be met in one year	(125,000)	(200,819)
Board designated funds, requiring board approval for expenditure	<u>1,712,967</u>	<u>1,380,114</u>
	<u>9,861,438</u>	<u>10,799,072</u>
Financial assets available to meet general and specific expenditures over the next twelve months	\$ <u>1,235,960</u>	<u>944,560</u>

As part of the Land Trust's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The organization has a goal to maintain financial assets on hand to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The Land Trust has board designated net assets without donor restrictions that, while the Land Trust does not intend to spend these for purposes other than those identified, could be made available for current operations, if necessary. Management has estimated that net assets with purpose restrictions expected to be met within one year total \$125,000 and \$200,819 for the years ending June 30, 2022 and 2021, respectively. This estimate is based on projects expected to be completed, conservation easement transactions expected to close, and budgeted expenditures for the next year. At June 30, 2022 and 2021, the Land Trust also expects annual appropriations from the endowment funds of \$351,000 and \$321,000, respectively, to be available within the next twelve months for operations.

The Land Trust's cash flows have seasonal variations during the year attributable to the timing of conservation easement transaction closings. To manage liquidity, the Land Trust maintains a \$50,000 overdraft line of credit with a bank that is drawn upon as needed during the year to manage cash flows. At June 30, 2022 and 2021, no amounts are outstanding under this line of credit.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements, Continued

(3) Investments

Investments are stated at their fair values and were comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 888,960	379,825
U.S. equities	1,531,450	1,572,046
International equities	9,655	—
Fixed income	49,995	101,961
Exchange traded funds (ETFs)	249,892	355,671
Mutual funds invested in U.S. equities	3,066,039	3,683,246
Mutual funds invested in international equities	1,489,147	2,258,814
Mutual funds invested in fixed income	<u>1,988,720</u>	<u>2,076,119</u>
Total investments	\$ <u>9,273,858</u>	<u>10,427,682</u>

All investments have been valued using level one inputs other than fixed income securities totaling \$49,995 and \$101,961 at June 30, 2022 and 2021, retrospectively, which have been valued using level two inputs. Marketable securities are exposed to various risks that may cause the reported value of the Land Trust's investment assets to fluctuate from period to period and result in a material change to the net assets of the Land Trust. Investments in equity securities fluctuate in value in response to many factors such as the activities and financial condition of individual companies, business and industry market conditions and the general economic environment. The value of bond investments and other fixed income securities fluctuate in response to changing interest rates, credit worthiness of issuers and overall economic policies that impact market conditions.

(4) Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land – Rehder Ranch	\$ 500,000	500,000
Buildings and improvements – Rehder Ranch	120,000	120,000
Vehicles	50,897	50,897
Office equipment	<u>4,651</u>	<u>8,999</u>
	675,548	679,896
Accumulated depreciation	<u>(61,546)</u>	<u>(49,715)</u>
Property and equipment, net	\$ <u>614,002</u>	<u>630,181</u>

(5) Deferred Revenue

Deferred revenue consists of cash received in advance for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Sponsorships and registrations for future special events	\$ 157,182	124,350
Conditional contributions and grants	35,000	7,750
Future services	<u>485</u>	<u>1,060</u>
Total deferred revenue	\$ <u>192,667</u>	<u>133,160</u>

Colorado Cattlemen's Agricultural Land Trust

Notes to Financial Statements, Continued

(6) Paycheck Protection Program Loan

In April 2020, the Land Trust received a \$129,000 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). The loan was treated as a conditional contribution until such time that the loan was explicitly forgiven by the SBA. The PPP loan was forgiven in full in March 2021 and, therefore, the loan and all accrued interest, totaling \$129,276, was recognized as revenue during the year ended June 30, 2021.

(7) Line of Credit

The Land Trust has a \$50,000 overdraft protection line of credit with a financial institution that bears interest at a variable rate of prime plus 2%. Interest is due monthly and the line of credit is secured by depository accounts at the financial institution. There were no amounts outstanding on the line of credit at June 30, 2022 and 2021.

(8) Conservation Easements

As of June 30, 2022, the Land Trust holds 491 easements covering approximately 707,564 acres in 45 counties throughout Colorado, and in parts of New Mexico, Utah, and Wyoming. Conservation easements are interests in land which possess conservation value, but not economic value to the Land Trust. The Land Trust provides stewardship, ongoing monitoring, and legal protection of the conservation easements.

(9) Net Assets

Net Assets without Donor Restrictions

The Land Trust's net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 356,725	189,768
Board designated:		
Easement defense	1,034,823	650,511
Stewardship	478,770	549,640
Conservation and restoration	174,909	188,606
Future operating expense	106,912	99,728
Future capital assets	44,776	24,776
Other activities	72,777	66,853
Inter-fund loan	<u>(200,000)</u>	<u>(200,000)</u>
Total board designated net assets	<u>1,712,967</u>	<u>1,380,114</u>
Total net assets without donor restrictions	\$ <u>2,069,692</u>	<u>1,569,882</u>

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements, Continued

(9) Net Assets, Continued

Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following as of June 30:

	<u>2022</u>	<u>2021</u>
Specific purpose		
Easement defense	\$ 220,990	438,451
Conservation advancement loan fund (CALF)	204,516	202,735
Future projects	<u>267,086</u>	<u>231,834</u>
Total subject to purpose and time restrictions	692,592	873,020
Endowments		
Stewardship Endowment Fund	5,288,391	5,878,725
Operating Endowment Fund	1,307,267	1,562,831
Conservation Endowment Fund	103,260	138,120
Rehder Ranch Endowment Fund	1,701,290	1,963,452
Ron and Kitty Boeddeker Peaks to Plains Conservation and Restoration Fund	<u>133,631</u>	<u>133,631</u>
Total endowments	<u>8,533,839</u>	<u>9,676,759</u>
Total net assets with donor restrictions	\$ <u>9,226,431</u>	<u>10,549,779</u>

Net assets were released from restrictions for the following purposes for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Purpose and time restrictions accomplished		
Easement defense	\$ 262,784	169,750
Database migration	—	5,551
25 th Anniversary Book	—	17,080
Forever Colorado (marketing)	—	11,249
Yampa Valley Land Trust, Inc. acquisition	3,237	34,051
Landowner restoration projects	—	50,973
Other program activities	<u>179,889</u>	<u>139,699</u>
Total purpose and time restrictions	445,910	428,353
Endowment funds appropriated for expenditure	<u>359,188</u>	<u>263,475</u>
Total net assets released from restrictions	\$ <u>805,098</u>	<u>691,828</u>

The Land Trust has established a legal defense fund to help fight threats to conservation easements and interests. Donations to the legal defense fund are recorded as increases in net assets with donor restrictions and are released from restriction when qualifying expenses are incurred.

Colorado Cattlemen's Agricultural Land Trust

Notes to Financial Statements, Continued

(9) Net Assets, Continued

Net Assets with Donor Restrictions, Continued

The Land Trust has established a conservation advancement loan fund with donor restricted contributions that provides short-term loans to landowners for conservation easement transaction costs. The Land Trust charges a 5% fee on draws made from the loan fund. The fee income is reinvested in the fund for future loans and included in net assets with donor restrictions. Outstanding loans totaled \$76,167 and \$0 at June 30, 2022 and 2021, respectively, and are included in the accompanying statements of financial position.

Endowments

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Land Trust has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Land Trust classifies as nets assets with donor restrictions: (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the donor gift instrument. In accordance with UPMIFA, the Land Trust considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Land Trust and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Land Trust
- The investment policies of the Land Trust

The stewardship of conservation easements includes the expenses of holding, administering, and enforcing the terms of conservation easements. When the Land Trust accepts a conservation easement, they take on the obligation to monitor and enforce the easement in perpetuity. Donor restricted contributions to and investment income earned on the Stewardship Endowment Fund are recorded as increases in net assets with donor restrictions until appropriated by the Board of Directors for expenditure, at which time they are released from restriction. The Stewardship Endowment Fund provides funding for the ongoing and perpetual stewardship responsibilities accepted by the Land Trust for the conservation easements it holds.

The Operating Endowment Fund was established to provide funding for the ongoing operations of the Land Trust. Contributions to and earnings on the Operating Endowment Funds are recorded as increases in nets assets with donor restrictions until appropriated by the Board of Directors for expenditure. It is intended that the balance in the Fund remain above \$1,000,000 unless specific authorization comes from a vote of two-thirds majority of the Land Trust's Board of Directors.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements, Continued

(9) Net Assets, Continued

Endowments, Continued

The Conservation Endowment Fund was acquired as part of the acquisition of the Yampa Valley Land Trust, Inc. (see note 12) and is for the purpose of supporting the completion of conservation projects. Earnings from the fund may be distributed on an annual basis. Donor restricted contributions to and investment income earned on the Conservation Endowment Fund are recorded as increases in net assets with donor restrictions until appropriated by the Board of Directors for expenditure, at which time they are released from restriction.

The Rehder Ranch Endowment Fund consists of an investment fund and a historic sheep ranch, consisting of land and buildings, acquired as part of the acquisition of the Yampa Valley Land Trust, Inc. (see note 12). The endowment was initially established as part of a bequest and the property is to be held in perpetuity, to be managed as a nature preserve for the study of local plants and wildlife. As part of the bequest, a cash donation was made to provide for the maintenance and upkeep of the ranch. The Rehder Ranch Endowment Fund consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 11,013	8,788
Land	500,000	500,000
Buildings, net of accumulated depreciation	103,500	109,500
Investments	1,088,317	1,345,662
Accounts payable and accrued liabilities	<u>(1,540)</u>	<u>(498)</u>
Total Rehder Ranch Endowment Fund	\$ <u>1,701,290</u>	<u>1,963,452</u>

The Ron and Kitty Boeddeker Peaks to Plains Conservation and Restoration Fund (the Boeddeker Fund) was established in 2014 with a donor restricted contribution of \$250,000. The purpose of the Fund is to assist ranch families in placing conservation easements on their property. Contributions to and earnings on the Boeddeker Fund are recorded as increases in net assets with donor restrictions until appropriated by the Board of Directors for expenditure. The Land Trust is required to replenish the Fund through mitigation payments and additional charitable contributions, with the understanding that the Fund balance will be at least \$100,000 at the end of each year.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements, Continued

(9) Net Assets, Continued

Endowments, Continued

Following are the changes in the endowment net assets:

Endowment net assets, July 1, 2020	\$ 7,529,138
Investment return	1,796,169
Contributions to endowment	614,927
Appropriated for expenditure	<u>(263,475)</u>
Endowment net assets, June 30, 2021	9,676,759
Investment return	(1,152,011)
Contributions to endowment	368,279
Appropriated for expenditure	<u>(359,188)</u>
Endowment net assets, June 30, 2022	\$ <u>8,533,839</u>

Return Objectives, Strategies, and Risk Parameters

The Land Trust has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution while growing the funds. The Land Trust expects its endowment assets to produce an average rate of return sufficient to meet the distribution policies of the endowment funds. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Distribution Policies and How the Investment Objectives Relate to the Policies

The Land Trust adopted a policy that provides for distributions from the Stewardship Endowment Fund upon approval by the Board of Directors and is limited to less than 6% of asset values as determined on a rolling three-year average. In establishing this policy, the Land Trust considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, and the possible effect of inflation. The Land Trust expects the current distribution policy to grow its endowment funds at a rate consistent with the objectives of maintaining the purchasing power of the endowment assets as well as providing additional real growth through new gifts and investment returns, while minimizing risk. During the years ended June 30, 2022 and 2021, distributions totaling \$213,084 and \$146,577, respectively, were made from the fund.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements, Continued

(9) Net Assets, Continued

Endowments, Continued

The Land Trust adopted a policy that provides for distributions from the Operating Endowment Fund upon approval by the Board of Directors and within the range of 4-6% of asset values as determined on a rolling three-year average. During the year ended June 30, 2022 and 2021, respectively, the Board of Directors approved distributions of \$79,000 and \$74,000, respectively, to fund operations.

Distributions are made from the Conservation Endowment Fund upon approval of the Board of Directors. During the year ended June 30, 2022, distributions from the fund of \$17,289 were made. No distributions were made from the Conservation Endowment Fund during the year ended June 30, 2021.

The donor agreement for the Ron and Kitty Boeddeker Peaks to Plains Conservation and Restoration Fund allows the spending of principal and earnings for the specified uses of the Fund. No withdrawals were made from the fund during the years ended June 30, 2022 and 2021.

Withdrawals are made from the investments held as part of the Rehder Ranch Endowment Fund when needed to provide for the maintenance and upkeep of the ranch. During the years ended June 30, 2022 and 2021, respectively, these withdrawals totaled \$49,816 and \$42,898.

(10) Employee Benefit Plan

The Land Trust maintains a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of the Land Trust. Employees may make contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. During the year ended June 30, 2021, the Land Trust matched employee contributions up to 1% of compensation for eligible employees. During the year ended June 30, 2022, the Land Trust matched employee contributions up to 4% of compensation for eligible employees. Employer contributions to the Plan were \$24,943 and 7,576 for the years ended June 30, 2022 and 2021, respectively.

(11) Related Party Transactions

Due to the nature of the entity, the Land Trust may purchase and hold conservation easements on land owned by related parties or receive donations of conservation easements from related parties. The Land Trust has a conflict of interest policy in place which requires full disclosure to the Board of Directors prior to executing transactions with related parties. Related parties are required to refrain from any discussion and decision making regarding these transactions.

Colorado Cattlemen's Agricultural Land Trust
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

<u>Federal grantor/pass-through grantor/program title</u>	<u>Grant number or pass-through entity identifying number</u>	<u>Grant award year</u>	<u>Assistance listing number</u>	<u>Federal expend- itures</u>	<u>Expenditures to subrecipients</u>
U.S. Department of Agriculture					
<i>Direct, Natural Resources Conservation Service</i>					
Agricultural Conservation Easement Program	68-8B05-19-004	9/11/19-8/31/24	10.931	\$ 500,000	-
Agricultural Conservation Easement Program	548B05201VY	9/17/20-3/31/23	10.931	1,100,000	-
Agricultural Conservation Easement Program	548B05201WA	9/23/20-3/31/23	10.931	97,500	-
Agricultural Conservation Easement Program	548B05201WB	9/17/20-3/31/23	10.931	318,750	-
Agricultural Conservation Easement Program	548B05211NG	8/17/21-3/31/24	10.931	562,500	-
Total Agricultural Conservation Easement Program			Total 10.931	2,578,750	-
<i>Passed through the National Fish and Wildlife Foundation</i>					
Soil and Water Conservation	2004.18.062845	1/1/19-12/31/21	10.902	5,704	-
Total Soil and Water Conservation			Total 10.902	5,704	-
<i>Passed through the National Fish and Wildlife Foundation</i>					
Conservation Stewardship Program	2004.18.062845	1/1/19-12/31/21	10.924	7,095	-
Total Conservation Stewardship Program			Total 10.924	7,095	-
<i>Passed through the National Fish and Wildlife Foundation</i>					
Environmental Quality Incentives Program	2004.18.062845	1/1/19-12/31/21	10.912	6,081	-
Total Environmental Quality Incentives Program			Total 10.912	6,081	-
Total U.S. Department of Agriculture				2,597,630	-
Total Expenditures of Federal Awards				\$ 2,597,630	-

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Colorado Cattlemen's Agricultural Land Trust (the Land Trust) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Land Trust, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Land Trust.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The Land Trust has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

**Board of Directors
Colorado Cattlemen's Agricultural Land Trust**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Colorado Cattlemen's Agricultural Land Trust, which comprise the statements of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colorado Cattlemen's Agricultural Land Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Colorado Cattlemen's Agricultural Land Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Colorado Cattlemen's Agricultural Land Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colorado Cattlemen's Agricultural Land Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors
Colorado Cattlemen's Agricultural Land Trust

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kundinger, Corder & Montoya, P.C.

October 12, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

**Board of Directors
Colorado Cattlemen's Agricultural Land Trust**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Colorado Cattlemen's Agricultural Land Trust's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Colorado Cattlemen's Agricultural Land Trust's major federal programs for the year ended June 30, 2022. Colorado Cattlemen's Agricultural Land Trust's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Colorado Cattlemen's Agricultural Land Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Colorado Cattlemen's Agricultural Land Trust and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Colorado Cattlemen's Agricultural Land Trust's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Colorado Cattlemen's Agricultural Land Trust's federal programs.

Board of Directors

Colorado Cattlemen's Agricultural Land Trust

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Colorado Cattlemen's Agricultural Land Trust's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Colorado Cattlemen's Agricultural Land Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Colorado Cattlemen's Agricultural Land Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Colorado Cattlemen's Agricultural Land Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Colorado Cattlemen's Agricultural Land Trust's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Board of Directors
Colorado Cattlemen's Agricultural Land Trust

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kundinger, Corder & Montoya, P.C.

October 12, 2022

Colorado Cattlemen's Agricultural Land Trust
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Colorado Cattlemen's Agricultural Land Trust (the Land Trust) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Land Trust, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the Land Trust expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings relating to major programs that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The major program tested was the Agricultural Conservation Easement Program-Assistance Listing No. 10.931.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Land Trust was determined to be a low-risk auditee.

B. Findings-Financial Statements Audit

None.

C. Findings and Questioned Costs-Major Federal Award Programs Audit

None.

Colorado Cattlemen's Agricultural Land Trust
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

There were no findings reported in the audit for the year ended June 30, 2021.