

Colorado Cattlemen's Agricultural Land Trust

Financial Statements

June 30, 2025 and 2024

(With Independent Auditor's Report Thereon)



Independent Auditor's Report

Board of Directors

Colorado Cattlemen's Agricultural Land Trust

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, 2025 and 2024, 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 referred to above present fairly, in all material respects, the financial position of the Land Trust as of June 30, 2025 and 2024, 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 (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting GAAP, 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, which 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.

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 GAAS 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.

Board of Directors
Colorado Cattlemen's Agricultural Land Trust

In performing an audit in accordance with GAAS, 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 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, which 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.

Kundinger, Corder & Montoya, P.C.

November 4, 2025

Colorado Cattlemen's Agricultural Land Trust
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 2,665,376	2,224,868
Contributions and grants receivable	162,475	292,031
Prepaid expenses and other assets	170,073	151,778
Loans receivable (note 8)	52,042	84,164
Investments (note 3)	12,565,897	11,921,377
Property and equipment, net (note 4)	618,263	617,033
Operating lease right-of-use asset (note 5)	22,919	61,541
Total assets	<u><u>\$ 16,257,045</u></u>	<u><u>15,352,792</u></u>
Liabilities and Net Assets		
Accounts payable	\$ 152,810	183,073
Accrued liabilities	222,941	229,095
Deferred revenue (note 6)	141,144	230,392
Refundable advances	1,135,935	728,884
Operating lease liability (note 5)	23,479	66,362
Total liabilities	<u>1,676,309</u>	<u>1,437,806</u>
Net assets (note 8)		
Without donor restrictions	3,136,025	2,931,357
With donor restrictions	<u>11,444,711</u>	<u>10,983,629</u>
Total net assets	14,580,736	13,914,986
Commitments (notes 7 and 9)		
Total liabilities and net assets	<u><u>\$ 16,257,045</u></u>	<u><u>15,352,792</u></u>

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Statement of Activities
Year Ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
Operating activities			
Support and revenue			
Contributions and grants	\$ 973,289	1,085,808	2,059,097
Grants for the purchase of conservation easements			
Federal	1,863,000	—	1,863,000
Non-federal	1,208,000	—	1,208,000
Contributions of conservation easements	12,881,500	—	12,881,500
Special events revenue	373,342	—	373,342
Less cost of direct benefits to donors	(89,781)	—	(89,781)
Service fee income	547,943	—	547,943
Miscellaneous income	68,147	12,000	80,147
Net assets released from restrictions (note 8)	1,540,463	(1,540,463)	—
Total support and revenue	19,365,903	(442,655)	18,923,248
Expenses			
Program services			
Conservation easements	15,952,500	—	15,952,500
Other conservation expenses	2,320,516	—	2,320,516
Total program services	18,273,016	—	18,273,016
Supporting services			
Management and general	737,564	—	737,564
Fund raising	381,840	—	381,840
Total supporting services	1,119,404	—	1,119,404
Total expenses	19,392,420	—	19,392,420
Change in net assets from operations	(26,517)	(442,655)	(469,172)
Non-operating activities			
Investment return	231,185	903,737	1,134,922
Total non-operating activities	231,185	903,737	1,134,922
Change in net assets	204,668	461,082	665,750
Net assets at beginning of year	2,931,357	10,983,629	13,914,986
Net assets at end of year	\$ 3,136,025	11,444,711	14,580,736

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Statement of Activities
Year Ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
Operating activities			
Support and revenue			
Contributions and grants	\$ 751,779	650,383	1,402,162
Grants for the purchase of conservation easements			
Non-federal	7,020,000	—	7,020,000
Contributions of conservation easements	45,796,247	—	45,796,247
Special events revenue	309,811	—	309,811
Less cost of direct benefits to donors	(63,508)	—	(63,508)
Service fee income	780,814	—	780,814
Miscellaneous income	72,714	3,000	75,714
Net assets released from restrictions (note 8)	786,374	(786,374)	—
Total support and revenue	<u>55,454,231</u>	<u>(132,991)</u>	<u>55,321,240</u>
Expenses			
Program services			
Conservation easements	52,816,247	—	52,816,247
Other conservation expenses	1,338,158	—	1,338,158
Total program services	54,154,405	—	54,154,405
Supporting services			
Management and general	638,206	—	638,206
Fund raising	303,684	—	303,684
Total supporting services	941,890	—	941,890
Total expenses	55,096,295	—	55,096,295
Change in net assets from operations	357,936	(132,991)	224,945
Non-operating activities			
Investment return	223,074	963,719	1,186,793
Total non-operating activities	223,074	963,719	1,186,793
Change in net assets	581,010	830,728	1,411,738
Net assets at beginning of year	2,350,347	10,152,901	12,503,248
Net assets at end of year	<u>\$ 2,931,357</u>	<u>10,983,629</u>	<u>13,914,986</u>

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Statement of Functional Expenses
Year Ended June 30, 2025

		Supporting services			
	Program services	Management and general	Fund raising	Total supporting services	Total expenses
Conservation easements	\$ 15,952,500	—	—	—	15,952,500
Salaries, employee benefits, and payroll taxes	1,003,112	634,938	257,405	892,343	1,895,455
Project and stewardship expense	906,571	—	—	—	906,571
Special events expense	—	—	107,392	107,392	107,392
Information technology	57,825	29,534	16,419	45,953	103,778
Occupancy	42,269	25,042	10,424	35,466	77,735
Conferences, meetings, and training	70,177	4,269	1,777	6,046	76,223
Insurance	51,474	9,285	3,865	13,150	64,624
Public policy	59,842	—	—	—	59,842
Travel and meals	28,957	7,223	4,382	11,605	40,562
Professional fees	22,964	11,786	5,331	17,117	40,081
Printing and publications	16,239	—	16,470	16,470	32,709
Marketing	—	—	24,280	24,280	24,280
Dues and subscriptions	11,625	6,887	2,867	9,754	21,379
Certification/accreditation	21,337	—	—	—	21,337
Office expenses	5,775	4,398	10,397	14,795	20,570
Miscellaneous	7,474	2,369	9,849	12,218	19,692
Depreciation	9,314	1,833	763	2,596	11,910
Rehder Ranch maintenance	5,561	—	—	—	5,561
Total functional expenses	18,273,016	737,564	471,621	1,209,185	19,482,201
Less expenses included with revenue in the statement of activities					
Special events direct benefit to donors	—	—	(89,781)	(89,781)	(89,781)
Total expenses	\$ 18,273,016	737,564	381,840	1,119,404	19,392,420

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Statement of Functional Expenses
Year Ended June 30, 2024

		Supporting services			
	Program	Management	Fund	Total	Total
	services	and	raising	supporting	expenses
		general		services	
Conservation easements	\$ 52,816,247	—	—	—	52,816,247
Salaries, employee benefits, and payroll taxes	827,550	527,583	220,625	748,208	1,575,758
Project and stewardship expense	216,946	—	—	—	216,946
Information technology	45,764	25,610	13,103	38,713	84,477
Occupancy	39,187	24,983	10,447	35,430	74,617
Special events expense	—	—	73,985	73,985	73,985
Insurance	47,096	8,438	3,528	11,966	59,062
Professional fees	17,044	26,418	5,426	31,844	48,888
Conferences, meetings, and training	34,106	3,283	1,373	4,656	38,762
Travel and meals	28,677	5,657	3,967	9,624	38,301
Printing and publications	12,692	—	13,337	13,337	26,029
Rehder Ranch maintenance	21,128	—	—	—	21,128
Office expenses	5,930	4,864	10,244	15,108	21,038
Dues and subscriptions	10,113	6,447	2,696	9,143	19,256
Public policy	17,363	—	—	—	17,363
Miscellaneous	5,072	3,427	7,835	11,262	16,334
Depreciation	8,348	1,496	626	2,122	10,470
Certification/accreditation	1,142	—	—	—	1,142
Total functional expenses	54,154,405	638,206	367,192	1,005,398	55,159,803
Less expenses included with revenue in the statement of activities					
Special events direct benefit to donors	—	—	(63,508)	(63,508)	(63,508)
Total expenses	\$ 54,154,405	638,206	303,684	941,890	55,096,295

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust

Statements of Cash Flows Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 665,750	1,411,738
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	11,910	10,470
Contributions restricted for long-term purposes	(210,700)	(426,052)
Investment income on contributions restricted for long-term purposes	(164,581)	(142,187)
Operating lease right-of-use asset and liability noncash expense	(4,261)	(3,390)
Net realized and unrealized gains on investments	(881,465)	(979,148)
Change in operating assets and liabilities		
Contributions and grants receivable	129,556	(162,243)
Prepaid expenses and other assets	(18,295)	(25,532)
Accounts payable and accrued liabilities	(36,417)	136,494
Deferred revenue	(89,248)	77,451
Refundable advances	407,051	612,765
Net cash (used in) provided by operating activities	<u>(190,700)</u>	<u>510,366</u>
Cash flows from investing activities		
Net loan repayments (disbursements)	32,122	(76,164)
Net purchases of property and equipment	(13,140)	(24,707)
Net sales (purchases) of investments	236,945	(365,240)
Net cash provided by (used in) investing activities	<u>255,927</u>	<u>(466,111)</u>
Cash flows from financing activities		
Contributions restricted for long-term purposes	210,700	426,052
Investment income on contributions restricted for long-term purposes	164,581	142,187
Net cash provided by financing activities	<u>375,281</u>	<u>568,239</u>
Net increase in cash and cash equivalents	440,508	612,494
Cash and cash equivalents at beginning of year	<u>2,224,868</u>	<u>1,612,374</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,665,376</u></u>	<u><u>2,224,868</u></u>
Supplemental disclosure of non-cash investing and financing activity		
Operating lease asset and liability noncash expense	\$ (4,261)	(3,390)
Operating lease right of use asset	\$ 22,919	61,541
Operating lease liability	\$ 23,479	66,362

See the accompanying notes to the financial statements.

Colorado Cattlemen's Agricultural Land Trust
Notes to Financial Statements
June 30, 2025 and 2024

(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.

The Land Trust previously 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, whereby 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, which are not considered to be held 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 Land 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 statements 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 (GAAP) 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.

(j) Leases

The Land Trust follows the provisions of Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. In accordance with the standard, the Land Trust has elected not to record on the statements of financial position a lease whose term is twelve months or less and does not include a purchase option that the Land Trust is reasonably certain to exercise. The Land Trust has elected to use the risk-free rate of return as of the lease commencement date to determine the present value of the lease payments for the purpose of calculating the right of use asset and lease liability. In addition, the Land Trust has elected the practical expedient not to separate lease and non-lease components.

Colorado Cattlemen's Agricultural Land Trust

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) 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.

(l) 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, 2025 and 2024, total \$15,751,610 and \$10,480,408, respectively. Cash received under these contributions and grants is reported as refundable advances 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

(l) 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. At June 30, 2025, all amounts are expected to be collected within one year and there is no allowance for uncollectible accounts.

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.

(m) 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 GAAP. For the years ended June 30, 2025 and 2024, 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

(n) 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.

(o) Estimates

The preparation of financial statements in conformity with GAAP 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.

(p) 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, 2025 and 2024, 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.

(q) Subsequent Events

The Land Trust has evaluated subsequent events through November 4, 2025, the date the financial statements were available to be issued. See note 5.

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>2025</u>	<u>2024</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 2,665,376	2,224,868
Contributions and grants receivable	162,475	292,031
Loans receivable	52,042	84,164
Investments	<u>12,565,897</u>	<u>11,921,377</u>
Total financial assets	<u>15,445,790</u>	<u>14,522,440</u>
Less amounts not available to be used within one year		
Net assets with donor restrictions	(11,444,711)	(10,983,629)
Endowment funds not included in financial assets	598,636	582,500
Endowment funds to be appropriated within one year	545,500	507,000
Net assets with purpose restrictions expected to be met in one year	68,150	115,000
Board designated funds, requiring board approval for expenditure	<u>(2,600,297)</u>	<u>(2,409,320)</u>
	<u>(12,832,722)</u>	<u>(12,188,449)</u>
Financial assets available to meet general and specific expenditures over the next twelve months	\$ <u>2,613,068</u>	<u>2,333,991</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 \$68,150 and \$115,000 for the years ending June 30, 2025 and 2024, 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, 2025 and 2024, the Land Trust also expects annual appropriations from the endowment funds of \$545,500 and \$507,000, respectively, to be available within the next twelve months for operations.

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>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 261,902	360,648
U.S. equities	2,034,729	1,969,227
International equities	23,187	34,111
Fixed income	1,371,100	1,147,453
Commodity exchange-traded funds (ETF)	260,336	243,318
Mutual funds and EFTs invested in U.S. equities	5,101,796	4,911,034
Mutual funds invested in international equities	2,197,342	2,046,398
Mutual funds invested in fixed income	<u>1,315,505</u>	<u>1,209,188</u>
Total investments	\$ <u>12,565,897</u>	<u>11,921,377</u>

All investments have been valued using level one inputs other than fixed income securities totaling \$1,371,100 and \$1,147,453 at June 30, 2025 and 2024, respectively, 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>2025</u>	<u>2024</u>
Land – Rehder Ranch	\$ 500,000	500,000
Buildings and improvements – Rehder Ranch	133,140	120,000
Vehicles	75,604	75,604
Office equipment	<u>2,999</u>	<u>2,999</u>
	711,743	698,603
Accumulated depreciation	<u>(93,480)</u>	<u>(81,570)</u>
Property and equipment, net	\$ <u>618,263</u>	<u>617,033</u>

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

(5) Operating Lease Right-of-Use Asset and Operating Lease Liability

The Land Trust leased office space in Lakewood under a long-term non-cancelable operating lease through May 2025. The Land Trust includes in the determination of the right-of-use asset and lease liability any renewal options when the options are reasonably certain to be exercised. During the year ended June 30, 2025, the Land Trust entered into an agreement to extend the lease through September 2025. The operating lease agreement required the Land Trust to pay for utilities and for maintenance, repairs, or replacement of property outside of normal use and operations. The total operating lease cost under this lease for 2025 and 2024 was \$51,772 and \$51,033, respectively, and is included with occupancy in the statements of functional expenses. The weighted-average term and discount rates for the operating lease outstanding as of June 30, 2025 are as follows:

Weighted-average term (months)	3 months
Weighted-average discount rate	3.5%

Future payments due under the operating lease are as follows for the years ending June 30:

Undiscounted cash flows due in:	
2025	\$ <u>14,360</u>
Total undiscounted cash flows	14,360
Impact of present value discount	<u>(83)</u>
Lease liability	\$ <u>14,277</u>

Subsequent to year-end, effective September 1, 2025, the Land Trust entered into a long-term noncancellable lease for new office space, also located in Lakewood, Colorado. The lease is effective through February 2036 and requires future minimum lease payments totaling \$1,143,436.

The Land Trust leases office space in Del Norte under a long-term non-cancelable operating lease through September 2026. The lease provides the option to renew the lease with ten renewal periods with each term being three years. At June 30, 2025, the Land Trust has not opted to renew the lease. The Land Trust's operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Land Trust to pay for utilities and for maintenance, repairs, or replacement of property outside of normal use and operations. The total operating lease cost for 2025 and 2024 was \$7,252 and \$5,439, respectively, and is included with occupancy in the statements of functional expenses.

The weighted-average term and discount rates for the operating lease outstanding as of June 30, 2025 are as follows:

Weighted-average term (months)	15 months
Weighted-average discount rate	3.5%

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

(5) Operating Lease Right-of-Use Asset and Operating Lease Liability, Continued

Future payments due under the operating lease are as follows for the years ending June 30:

Undiscounted cash flows due in:	
2026	\$ 7,518
2027	<u>1,902</u>
Total undiscounted cash flows	9,420
Impact of present value discount	<u>(218)</u>
Lease liability	\$ <u>9,202</u>

(6) Deferred Revenue

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

	<u>2025</u>	<u>2024</u>
Sponsorships and registrations for future special events	\$ 114,070	133,907
Future services	<u>27,074</u>	<u>96,485</u>
Total deferred revenue	\$ <u>141,144</u>	<u>230,392</u>

(7) Conservation Easements

As of June 30, 2025, the Land Trust holds 548 easements covering approximately 814,182 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.

(8) 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>2025</u>	<u>2024</u>
Undesignated	\$ 535,728	522,037
Board designated:		
Easement defense	1,460,025	1,436,057
Stewardship	656,260	591,391
Conservation and restoration	163,064	147,064
Future operating expense	114,681	114,290
Future capital assets	57,815	17,815
Other activities	<u>148,452</u>	<u>102,703</u>
Total board designated net assets	<u>2,600,297</u>	<u>2,409,320</u>
Total net assets without donor restrictions	\$ <u>3,136,025</u>	<u>2,931,357</u>

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

(8) Net Assets, Continued

Net Assets with Donor Restrictions

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

	<u>2025</u>	<u>2024</u>
Specific purpose		
Easement defense	\$ 236,085	321,029
Conservation advancement loan fund (CALF)	214,796	211,337
Future projects	<u>137,026</u>	<u>175,016</u>
Total subject to purpose and time restrictions	587,907	707,382
Endowments		
Stewardship Endowment Fund	7,261,405	6,812,852
Operating Endowment Fund	1,444,960	1,405,100
Conservation Endowment Fund	137,698	126,438
Rehder Ranch Endowment Fund	1,901,633	1,820,749
Ron and Kitty Boeddeker Peaks to Plains Conservation and Restoration Fund	<u>111,108</u>	<u>111,108</u>
Total endowments	<u>10,856,804</u>	<u>10,276,247</u>
Total net assets with donor restrictions	\$ <u>11,444,711</u>	<u>10,983,629</u>

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

	<u>2025</u>	<u>2024</u>
Purpose and time restrictions accomplished		
Easement defense	\$ 173,069	118,570
Other program activities	<u>850,562</u>	<u>200,175</u>
Total purpose and time restrictions	1,023,631	318,745
Endowment funds appropriated for expenditure	<u>516,832</u>	<u>467,629</u>
Total net assets released from restrictions	\$ <u>1,540,463</u>	<u>786,374</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.

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 \$52,042 and \$84,164 at June 30, 2025 and 2024, respectively, and are included in the accompanying statements of financial position.

Colorado Cattlemen's Agricultural Land Trust

Notes to Financial Statements, Continued

(8) Net Assets, Continued

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 net 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 net 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.

The Conservation Endowment Fund was acquired as part of the acquisition of the Yampa Valley Land Trust, Inc. in 2019 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.

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

(8) Net Assets, Continued

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. in 2019. 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>2025</u>	<u>2024</u>
Cash	\$ 16,004	11,971
Land	500,000	500,000
Accounts receivable	4,215	—
Buildings, net of accumulated depreciation	98,421	91,500
Investments	1,286,993	1,226,278
Deferred revenue	(2,000)	(9,000)
Accounts payable and accrued liabilities	<u>(2,000)</u>	<u>—</u>
Total Rehder Ranch Endowment Fund	\$ <u>1,901,633</u>	<u>1,820,749</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.

Following are the changes in the endowment net assets:

Endowment net assets, July 1, 2023	\$ 9,382,557
Investment return	932,267
Other income	3,000
Contributions to endowment	426,052
Appropriated for expenditure	<u>(467,629)</u>
Endowment net assets, June 30, 2024	10,276,247
Investment return	874,689
Other income	12,000
Contributions to endowment	210,700
Appropriated for expenditure	<u>(516,832)</u>
Endowment net assets, June 30, 2025	\$ <u>10,856,804</u>

Colorado Cattlemen's Agricultural Land Trust

Notes to Financial Statements, Continued

(8) Net Assets, Continued

Endowments, Continued

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, which 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 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 allow for growth of 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, 2025 and 2024, distributions totaling \$380,000 and \$316,448, respectively, were made from the fund.

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 years ended June 30, 2025 and 2024, respectively, the Board of Directors approved distributions of \$90,000 to fund operations.

Distributions are made from the Conservation Endowment Fund upon approval of the Board of Directors. During the years ended June 30, 2025 and 2024, distributions from the Conservation Endowment Fund totaled \$0.

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. During the years ended June 30, 2025 and 2024, distributions from the fund totaled \$0.

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, 2025 and 2024, respectively, these withdrawals totaled \$46,832 and \$61,181.

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

(9) 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 years ended June 30, 2025 and 2024, the Land Trust matched employee contributions up to 4% of compensation for eligible employees. Employer contributions to the Plan were \$33,572 and \$32,871 for the years ended June 30, 2025 and 2024, respectively.

(10) 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.