

# Summit Land Conservancy

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## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

*For the Year Ended December 31, 2014 with Summarized Comparative Information for 2013*





## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

### SUMMIT LAND CONSERVANCY

We have audited the accompanying statement of financial position of Summit Land Conservancy (the "Conservancy") as of December 31, 2014 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Summit Land Conservancy as of December 31, 2014 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

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

The 2013 financial statements have been previously audited by Arthur & Jensen LLC who joined with Larson & Company PC effective January 1, 2015. Their audit report dated June 23, 2014, expressed an unmodified opinion on those audited financial statements. In their opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it was derived.

*Larson & Company PC*

Salt Lake City, Utah  
August 14, 2015

**SUMMIT LAND CONSERVANCY  
STATEMENTS OF FINANCIAL POSITION**

December 31, 2014 with Summarized Comparative Information for 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	<u>Summarized Totals 2013</u>
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 192,724	\$ 44,080	\$ -	\$ 236,804	\$ 305,443
Promises to give, due 2015	23,589	-	-	23,589	26,089
<b>Total current assets</b>	<u>216,313</u>	<u>44,080</u>	<u>-</u>	<u>260,393</u>	<u>331,532</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	491	-	-	491	704
<b>PROMISES TO GIVE, DUE AFTER 2015</b>	-	18,660	-	18,660	9,615
<b>INVESTMENTS</b>	102,244	51,113	102,793	256,150	34,279
<b>OTHER ASSETS</b>					
Restricted cash	-	-	61,637	61,637	11,530
Certificate of deposit	-	1,038	15,000	16,038	15,684
<b>BENEFICIAL INTEREST IN ASSETS</b>	-	10,363	46,000	56,363	55,066
<b>TOTAL ASSETS</b>	<u>\$ 319,048</u>	<u>\$ 125,254</u>	<u>\$ 225,430</u>	<u>\$ 669,732</u>	<u>\$ 458,410</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable, trade	\$ 1,818	\$ -	\$ -	\$ 1,818	\$ 4,125
Accrued liabilities	4,636	-	-	4,636	12,448
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,454</u>	<u>-</u>	<u>-</u>	<u>6,454</u>	<u>16,573</u>
<b>NET ASSETS</b>					
Unrestricted					
Undesignated	220,679	-	-	220,679	188,313
Board designated as endowment	91,915	-	-	91,915	35,280
Temporarily restricted	-	125,254	-	125,254	119,714
Permanently restricted	-	-	225,430	225,430	98,530
<b>TOTAL NET ASSETS</b>	<u>312,594</u>	<u>125,254</u>	<u>225,430</u>	<u>663,278</u>	<u>441,837</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 319,048</u>	<u>\$ 125,254</u>	<u>\$ 225,430</u>	<u>\$ 669,732</u>	<u>\$ 458,410</u>

The accompanying notes are an integral part of these financial statements

**SUMMIT LAND CONSERVANCY  
STATEMENTS OF ACTIVITIES**

Year Ended December 31, 2014 with Summarized Comparative Information for 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Summarized Totals 2013
<b>CHANGE IN NET ASSETS</b>					
<b>SUPPORT AND REVENUES:</b>					
Contributions	\$ 191,021	\$ 40	\$ 106,900	\$ 297,961	\$ 186,946
Grants	58,200	42,000	20,000	120,200	419,321
Contract revenue	35,392	-	-	35,392	30,392
Special events (net of direct expenses of \$16,866 in 2014)	70,786	-	-	70,786	-
Education event	2,744	-	-	2,744	-
Return on investments	1,658	7,607	-	9,265	7,768
Gain on beneficial interest	-	1,297	-	1,297	6,599
Other income	2,023	-	-	2,023	1,922
<b>TOTAL SUPPORT AND REVENUES</b>	<b>361,824</b>	<b>50,944</b>	<b>126,900</b>	<b>539,668</b>	<b>652,948</b>
<b>SATISFACTION OF RESTRICTIONS</b>	<b>45,404</b>	<b>(45,404)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SUPPORT, REVENUES, AND SATISFACTION OF RESTRICTIONS</b>	<b>407,228</b>	<b>5,540</b>	<b>126,900</b>	<b>539,668</b>	<b>652,948</b>
<b>EXPENSES</b>					
Programs					
Conservation	78,484	-	-	78,484	438,898
Stewardship	32,764	-	-	32,764	32,648
Education	97,507	-	-	97,507	41,916
General and administrative	79,287	-	-	79,287	58,131
Fundraising	30,185	-	-	30,185	25,456
<b>TOTAL EXPENSES</b>	<b>318,227</b>	<b>-</b>	<b>-</b>	<b>318,227</b>	<b>597,049</b>
<b>INCREASE IN NET ASSETS</b>	<b>89,001</b>	<b>5,540</b>	<b>126,900</b>	<b>221,441</b>	<b>55,899</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>223,593</b>	<b>119,714</b>	<b>98,530</b>	<b>441,837</b>	<b>385,938</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 312,594</b>	<b>\$ 125,254</b>	<b>\$ 225,430</b>	<b>\$ 663,278</b>	<b>\$ 441,837</b>

The accompanying notes are an integral part of these financial statements

**SUMMIT LAND CONSERVANCY  
STATEMENTS OF CASH FLOWS**

Year Ended December 31, 2014 with Summarized Comparative Information for 2013

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 221,441	\$ 55,899
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	948	1,098
Interest	(1,159)	(317)
Donated securities	(40,709)	(54,659)
Unrealized gain on investments	(8,228)	(7,023)
Gain on beneficial interest	(1,297)	(6,598)
Decrease (increase) in operating assets:		
Promises to give	(6,545)	19,262
Increase (decrease) in operating liabilities:		
Accounts payable, trade	(2,307)	783
Accrued liabilities	(7,812)	6,308
	<b>154,332</b>	<b>14,753</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(735)	(459)
Proceeds from sale of investments	20,854	54,669
Purchase of investments	(192,983)	(989)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(172,864)</b>	<b>53,221</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for stewardship	(50,107)	(459)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(50,107)</b>	<b>53,221</b>
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(68,639)</b>	<b>67,974</b>
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>305,443</b>	<b>237,469</b>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 236,804</b>	<b>\$ 305,443</b>
 <b><u>SUPPLEMENTAL INFORMATION</u></b>		
Cash paid:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

Summit Land Conservancy (the Conservancy) is a nonprofit corporation organized in 2002 in the State of Utah. The Conservancy is accredited by the Land Trust Accreditation Commission and is organized and operated exclusively for the purpose of facilitating the permanent protection and preservation of open lands, critical view and watersheds, lands and trails of historical significance and animal habitats in Summit County, Utah. The Conservancy is a third-party that holds and enforces the terms of conservation easements, and serves as a clearinghouse for practical information about the many different ways natural lands can be preserved. The Conservancy is also a local advocate for open land encouraging awareness, community dialogue, and creative win-win solutions for everyone in Summit County.

The primary sources of support and revenue are individual, corporate and foundation contributions, government grants, membership contributions and contracts with municipal government.

**Basis of presentation**

The Conservancy prepares its financial statements on the accrual basis of accounting and follows U.S. generally accepted accounting principles (U.S. GAAP) for nonprofit organizations and reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted based upon the following criteria:

**Unrestricted net assets** represent expendable funds available for operations which are not otherwise limited by donor restrictions.

**Temporarily restricted net assets** consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Conservancy may spend the funds.

**Permanently restricted net assets** are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

**Summarized comparative information**

The financial statements include prior year summarized information in total and not by net asset class. The information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. The information should be read in conjunction with the organization's audited financial statements as of and for the year ended December 31, 2013.

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

**Cash and cash equivalents**

The Conservancy considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Contract receivable and promises to give**

Contract receivable and promises to give are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted. Promises to give due later than one year are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which promises are received. Discounts on promises to give that are measured at present value are amortized between the date the promise to give is initially recognized and the date the cash or other contributed assets are received.

**Investments**

The Conservancy invests surplus cash in long-term certificates of deposit which are recorded at cost. Interest earned on certificates of deposit is reported in the statement of activities. The Conservancy also invests in other marketable securities which are recorded at their fair market value. Unrealized gains and losses and investment returns are included in the statement of activities.

The Conservancy receives donations of marketable securities on occasion. These gifts are recorded in the financial records at their fair value on the date of the donation as it is the policy of the Conservancy is to sell donations of stock immediately after they are received.

**Endowment investment policies and objectives**

The endowment of the Conservancy includes two components. A portion has been transferred to the Park City Foundation (PCF) and is held by PCF for the benefit of the Conservancy (Note 2). PCF maintains a formal investment policy that sets out performance criteria and investment guidelines. Spending policies, including distributions, are set by the Board of Trustees of PCF and reviewed annually.

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Endowment investment policies and objectives (Continued)**

The remaining balance of the endowment is held by the Conservancy in cash and cash equivalents and investments. The objectives of the Conservancy's endowment investment program are to ensure the safety and preservation of the invested funds and to provide liquidity of investments sufficient to meet the needs for stewardship of conservation easements. The Conservancy also seeks to diversify risk and meet their fiduciary responsibilities regarding the management of the investments. Composed of permanently restricted gifts the principal will remain intact and the earnings are temporarily restricted and used for stewardship of conservation easements.

**Property and equipment**

Acquisitions of property and equipment in excess of \$500 and all expenditures for repairs and maintenance that materially prolong the useful lives of property and equipment are capitalized. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Property and equipment are stated at cost less accumulated depreciation, or if acquired by donation, at estimated fair value at the date of the donation.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period. Depreciation is computed over the following estimated useful lives using the straight-line method:

<u>Assets</u>	<u>Useful Lives</u>
Office furniture and equipment	3 years

**Land conservation easements**

Land conservation easements are acquired by the Conservancy by purchase or by a gift of the easement itself from a donor. Since the Conservancy's inception, land conservation easements acquired by purchase or by gift are not recognized as assets and are not carried on the statement of financial position. The Conservancy has determined that donated conservation easements have no market value in the hands of the organization and are therefore not considered support.

Monetary contributions made to the Conservancy to purchase easements are recorded as contributions and as a program service expense when funds are expended to purchase the easements.



**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions and in-kind donations**

Contributions are recognized when the donor makes a promise to give to the Conservancy that is, in substance, unconditional. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donations of property and equipment are recorded as support at their estimated fair market value at the date of gift. These donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as temporarily restricted support and reclassified to unrestricted net assets when placed in service.

Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation, are recorded at their fair values when received. There were no contributed services recorded in the financial statements for the years ended December 31, 2014 and 2013, respectively.

**Membership revenue**

The Conservancy offers memberships with nominal benefits. Membership revenue is recognized when received and reported in the statement of activities as contribution income.

**Functional allocation of expenses**

Program costs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Conservancy.

**Advertising costs**

Advertising costs are charged to operations when incurred. The Conservancy did not incur advertising expense for the years ended December 31, 2014 and 2013.

**Income taxes**

The Conservancy qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for federal and state income taxes. The Conservancy remains subject to income taxes on net income that is derived from a trade or business, regularly carried on, and not for the exempt purpose for which the organization was granted exempt status. In the opinion of management the Conservancy does not have any unrelated business income subject to taxation.

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income taxes (Continued)**

ASC Topic 740, *Income Taxes*, provides guidance on how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Conservancy's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Tax years that remain subject to examination are 2011 and forward.

**Fair value measurements**

The Conservancy utilizes various methods to measure fair value of its financial instruments on a recurring basis. U.S. generally accepted accounting principles establishes a hierarchy that prioritizes inputs to valuation methods.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs are as follows:

Level 1 – Inputs are observable quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Inputs are other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 – Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset or liability.

The organization has adopted the provision of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 defines fair value 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. ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**2. INVESTMENTS AND FAIR VALUE DISCLOSURES**

Fair value is defined as the amount 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.

The fair values of the financial instruments shown in the following table as of December 31, 2014 represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset at the measurement date, the fair value measurement reflects the organization's judgments about the assumptions that market participants would use in pricing the asset. Those judgments are based on the best information available including expected cash flows, and appropriately risk-adjusted interest rates, and available observable and unobservable inputs.

The organization has adopted ASC Topic 820 for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value on a recurring basis as of December 31, 2014 and 2013.

The organization has adopted the reporting requirements of FASB Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures; Improving Disclosures about Fair Value Measurements*, which changes the way transfers in and out of Levels 1 and 2, activity in Level 3 fair value measurements, and inputs and valuation techniques are reported.

There are three general valuation techniques that may be used to measure fair value as follows:

Market approach – uses prices and other relevant information from market transfers involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Cost approach – based on the amount that currently would be required to replace the service capacity of an asset.

Income approach – uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option pricing models).

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**2. INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)**

Assets listed below are measured at fair value during the years ended December 31, 2014 and 2013 using the market approach. The following table sets forth by level, within the fair value hierarchy, the organization's financial instruments at fair value as of December 31, 2014 and 2013.

Assets measured at fair value on a recurring basis as of December 31, 2014 are as follows:

<b>Description</b>	<b>Total</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificates of deposit	\$ 16,038	*	\$ -	\$ 16,038	\$ -
Stocks	142,326		142,326	-	-
Mutual funds	113,824	**	113,824	-	-
Beneficial interest in assets	56,363	***	-	-	56,363
	<u>\$ 328,551</u>		<u>\$ 256,150</u>	<u>\$ 16,038</u>	<u>\$ 56,363</u>

Assets measured at fair value on a recurring basis as of December 31, 2013 are as follows:

<b>Description</b>	<b>Total</b>		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificates of deposit	\$ 15,684	*	\$ -	\$ 15,684	\$ -
Mutual funds	34,279	**	34,279	-	-
Beneficial Interest in assets	55,066	***	-	-	55,066
	<u>\$ 105,029</u>		<u>\$ 34,279</u>	<u>\$ 15,684</u>	<u>\$ 55,066</u>

\* Certificates of deposit are financial assets valued using level 2 inputs and are based on various quoted prices in markets that are not active or for which all significant inputs are observable.

\*\* Valuations are based on inputs that are observable and significant to the overall fair value measurement.

\*\*\* Valuations are based on NAV provided by the fund's manager. The NAV is based on the fair value of the underlying assets owned by the fund. These underlying assets are traded in active public markets with observable market data.

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**2. INVESTMENTS AND FAIR VALUE DISCLOSURES (Continued)**

The change in the value of the beneficial interest in assets is as follows:

Balance January 1, 2013	\$ 48,467
Return on beneficial interest	6,599
Balance December 31, 2013	<u>55,066</u>
Return on beneficial interest	<u>1,297</u>
<b>Balance December 31, 2014</b>	<b><u><u>\$ 56,363</u></u></b>

The Conservancy's policy is to recognize transfers between levels of the fair value hierarchy at the beginning of the year the event or change in circumstances occurred that caused the transfer. There were no transfers into or out of Level 1, 2 or 3 for the years ended December 31, 2014 and 2013.

Total investment return for the year ended December 31, 2014 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Return on investment:</b>			
Interest and dividends	\$ 185	\$ 851	\$ 1,036
Net realized and unrealized gain (loss)	<u>1,473</u>	<u>6,756</u>	<u>8,229</u>
<b>Total return on investment</b>	<b><u><u>\$ 1,658</u></u></b>	<b><u><u>\$ 7,607</u></u></b>	<b><u><u>\$ 9,265</u></u></b>

Total investment return for the year ended December 31, 2013 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Return on investment:</b>			
Interest and dividends	\$ 123	\$ 622	\$ 745
Net realized and unrealized gain (loss)	<u>1,161</u>	<u>5,862</u>	<u>7,023</u>
<b>Total return on investment</b>	<b><u><u>\$ 1,284</u></u></b>	<b><u><u>\$ 6,484</u></u></b>	<b><u><u>\$ 7,768</u></u></b>

**3. CERTIFICATE OF DEPOSIT**

The Conservancy invests surplus cash in long-term certificates of deposit which are recorded at cost which approximates fair market value. Interest earned on certificates of deposit is accrued and reported in the statement of activities.

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**4. PROMISES TO GIVE**

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%. Promises to give are as follows at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Amounts due:		
1 year or less	\$ 23,589	\$ 26,088
1 - 5 years	19,045	10,000
Thereafter	-	-
	<u>42,634</u>	<u>36,088</u>
Less: unamortized discount	<u>(385)</u>	<u>(385)</u>
Total promises to give	<u>\$ 42,249</u>	<u>\$ 35,703</u>

**5. PROPERTY AND EQUIPMENT**

Property and equipment, net, as of December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Office furniture and equipment	\$ 5,250	\$ 4,516
Accumulated depreciation	<u>(4,759)</u>	<u>(3,812)</u>
<b>Net property and equipment</b>	<u>\$ 491</u>	<u>\$ 704</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was **\$948** and \$1,098, respectively.

**6. BENEFICIAL INTEREST IN ASSETS**

The change in the beneficial interest recorded in the statement of activities of the Conservancy totaled **\$1,297** and \$6,599 for the years ended December 31, 2014 and 2013, respectively. No other changes affected the value of this investment during these years.

To address market risk of investments, PCF maintains a formal investment policy that sets out performance criteria and investment guidelines. Spending policies, including distributions, are set by the Board of Trustees of PCF and reviewed annually. No distributions were received by the Conservancy from PCF for the years ended December 31, 2014 and 2013.

**SUMMIT LAND CONSERVANCY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended December 31, 2014 and 2013

**7. LAND CONSERVATION EASEMENTS**

The Conservancy holds land conservation easements for approximately 2,869 acres of property from eight grantors. As described in note 17, subsequent to December 31, 2014, the Conservancy secured funding and rights to place an additional 75 acres under conservatorship. Pursuant to the National Land Trust Alliance's standards the Conservancy monitors each of its conservation easements on an annual basis, at a minimum, in order to detect changes in the easement lands and to ensure that lands are being used in accordance with the terms of the easements so that any violations of the easements are identified and corrected as soon as possible. During the year ended December 31, 2014, the Conservancy was granted two conservation easements by Park City Municipal Corporation.

The Conservancy closed on two bargain sale purchases of conservation easements in 2013. The landowners' in-kind donation (bargain sale) is not recorded in the financial statements of the Conservancy as discussed in Note 1. The Conservancy does however acknowledge the landowner's gift on Form 8283 and the value is substantiated by a conforming appraisal. The two bargain sale purchases of conservation easements for the year ended December 31, 2013 were entered into with Pyper Tracey Land LLC and William R. and Gaye E. Stoner.

**8. CONDITIONAL GRANTS**

A number of government agencies have agreed to provide funding in the amount of \$1,001,000 for the purchase of an easement at Siddoway Ranch ( Note 17). The grants are conditional upon the organization raising additional matching funds, the finalization of the easement purchase, and final closing of the transaction which should occur in 2015. Due to the conditions that must be met for the funding to be provided, the grants are considered conditional and were not recorded as revenue by the Conservancy as of December 31, 2014.

**9. STANDBY LETTER OF CREDIT**

The Conservancy has established a standby letter of credit with a bank in the amount of \$10,000. This letter of credit was issued December 8, 2010 and will expire November 1, 2015. There were no amounts drawn against the instrument during 2014 and 2013.

**10. OPERATING LEASE**

The Conservancy leases office space under terms of a non-cancellable lease agreement. Future minimum payments required under the lease agreement are as follows:

**Years Ending December 31,**

2015	\$ 6,463
2016	6,657
2017	4,526
Total minimum lease payments	<u>\$ 17,646</u>

Rent expense for the years ended December 31, 2014 and 2013 was **\$6,275** and \$6,182.

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**11. UNRESTRICTED NET ASSETS – BOARD DESIGNATED**

As of December 31, 2014 and 2013, the Board of Directors has designated **\$91,915** and \$35,280, respectively, of unrestricted net assets to be held as endowment funds for future stewardship programs and for the legal defense of the Conservancy’s conservation easements. The earnings and any appreciation from these funds are deemed temporarily restricted until such time as they are expended for stewardship and legal defense activities.

**12. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at December 31, 2014 and 2013:

	<b>2014</b>	<b>2013</b>
Purchase of land conservation easements	<b>\$ 89,290</b>	\$ 62,606
Legal defense of easements	<b>27,059</b>	42,236
Stewardship	<b>8,905</b>	14,872
	<b>\$ 125,254</b>	\$ 119,714

**13. PERMANENTLY RESTRICTED NET ASSETS**

The net asset class of permanently restricted net assets is comprised of endowment funds consisting of two components:

(1) In 2012 and 2011, the Conservancy transferred \$26,000 and \$20,000, respectively, to the Park City Foundation (PCF). The funds are invested and held by PCF for the benefit of the Conservancy (Note 6). As of December 31, 2014 and 2013, the fair value of these funds totaled **\$56,363** and \$55,066, respectively.

(2) Permanently restricted net assets also include funds totaling **\$170,067** and \$43,464 as of December 31, 2014 and 2013, respectively. These funds are held by the Conservancy in cash and cash equivalents, stocks, mutual funds, and certificates of deposit.

Total permanently restricted net assets totaled **\$225,430** and \$98,530 as of December 31, 2014 and 2013, respectively.

**14. ENDOWMENT FUNDS**

The Conservancy’s endowment includes both donor-restricted funds which are held in the permanently restricted net asset class and funds designated by the Board of Directors to function as endowments which are held in the unrestricted net asset class. These funds are classified and reported based on the existence or absence of donor imposed restrictions. In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Conservancy’s policy is to preserve the fair value of the original gift.



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**14. ENDOWMENT FUNDS (Continued)**

The earnings and realized and unrealized appreciation of the endowment funds are temporarily restricted for use in the legal defense or stewardship activities of the Conservancy. When the restrictions are met, the net assets are released.

The following table presents the various components of the endowment funds including assets held as unrestricted, temporarily restricted and permanently restricted. Changes in endowment funds are as follows:

	<b>Unrestricted Board Designated</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets				
December 31, 2012	\$ 19,194	\$ 2,426	\$ 96,315	\$ 117,935
Investment return:				
Investment return	-	2,426	-	2,426
Contributions	16,086	-	2,215	18,301
Endowment net assets				
December 31, 2013	35,280	4,852	98,530	138,662
Investment return:				
Investment return		<b>8,904</b>		<b>8,904</b>
Contributions	<b>56,635</b>		<b>126,900</b>	<b>183,535</b>
Endowment net assets				
December 31, 2014	<b><u>\$ 91,915</u></b>	<b><u>\$ 13,756</u></b>	<b><u>\$ 225,430</u></b>	<b><u>\$ 331,101</u></b>

**15. SIMPLE HRA PLAN**

The Conservancy sponsors and administers a Simple Health Reimbursement Arrangement (HRA) for the benefit of its employees. Under the terms of the HRA the Conservancy contributes funds to an account for participating employees based on employee class. The employees may request reimbursement for eligible medical expenses for themselves and their dependents. The Conservancy made contributions under the HRA of **\$14,362** and \$4,895 for the years ended December 31, 2014 and 2013, respectively.

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**16. CONCENTRATIONS OF CREDIT AND MARKET RISK**

The Conservancy maintains its cash and cash equivalent balances at financial institutions located in Park City, Utah. The deposits may exceed their federally insured limits of \$250,000 established by the Federal Deposit Insurance Corporation. The Conservancy has not experienced any losses related to these accounts and believes it is not exposed to any significant credit risk on these balances.

Promises to give have concentrations of credit risk as they are due from individuals and organizations located in Utah. The Conservancy has two donors who have made promises to give which represent 48% and 100% of the outstanding balance as of December 31, 2014 and 2013, respectively.

**17. SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The organization recognizes the effects of subsequent events that provide additional information about conditions that existed at the date of the statement of financial positions. Management has evaluated events occurring between the end of its fiscal year, December 31, 2014 and August 14, 2015, the date the financial statements were available to be issued for matters that would require disclosure or adjustment to the financial statements.

As of December 31, 2014 the Conservancy had obtained commitments and funding for the purchase of an easement at Siddoway Ranch. The Conservancy closed on the purchase of this easement on June 24, 2015. The Siddoway easement covers approximately 73 acres of farmland along both sides of SR 32 just north of Peoa, and bordering the Rockport State Park in Summit County. The Weber River forms part of the western boundary of the easement property, and flows through the portion of the property closest to the State Park. Funds for this easement purchase came from the United States Department of Agriculture, the State of Utah, Summit County, private foundations, and Summit Land Conservancy's general membership. The easement was valued at \$1,460,000 and was acquired in a bargain sale from the owner, LSR Land, LLC for a purchase price of \$1,022,000. Approximately \$10,000 will be added to the Conservancy's Stewardship funds to insure permanent stewardship activities on this property, and \$1,500 was added to the Legal Defense fund, as per Board policy. Major sources of funding for the easement purchase are as follows:

<b>Funding Source</b>	<b>Funding</b>
United States, Dept of Ag, NRCS, ALE program	\$ 730,000
State of Utah, Div of Wildlife Services	120,000
State of Utah, Div of Water Quality	5,000
Summit County, ESAP	146,000
Private Foundations (including George S. & Delores Dore Eccles, Hemingway, Rocky Mt. Power, US Bancorp Foundation)	35,000
Summit Land Conservancy general memberships approximately	15,000
	<u>\$ 1,051,000</u>