

**PORCH & ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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**SANTA FE CONSERVATION TRUST**

Financial Statements  
and  
Independent Auditor's Report

December 31, 2015 and 2014

# SANTA FE CONSERVATION TRUST

INDEPENDENT AUDITOR’S REPORT .....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Cash Flows .....	6
Notes to Financial Statements.....	7
Schedule of Conservation Easements Received (Unaudited) .....	19

**Independent Auditor's Report**

Board of Directors and Management  
Santa Fe Conservation Trust  
Santa Fe, New Mexico

**Report on the Financial Statements**

We have audited the accompanying financial statements of Santa Fe Conservation Trust (SFCT) (a not-for-profit corporation) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows for the years 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Board of Directors and Management  
Santa Fe Conservation Trust  
Santa Fe, New Mexico

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 Santa Fe Conservation Trust as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Conservation Easements Received (Unaudited) is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Porch & Associates, LLC*

Albuquerque, New Mexico  
April 22, 2016

**SANTA FE CONSERVATION TRUST**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 153,443	546,726
Cash and cash equivalents - board designated for stewardship and defense	15,934	188,585
Contracts, grants, and contributions receivable	22,274	36,849
Prepaid expenses	5,811	8,960
<b>Total current assets</b>	<b>197,462</b>	<b>781,120</b>
Land and fixed assets, net	<b>24,140</b>	26,876
Other Assets		
Deposits	1,783	1,783
Cash held for fiscal agency funds	5,746	4,086
Investments	359,712	-
Board designated for stewardship and defense:		
Investments	293,440	-
Beneficial interest in trust	230,954	262,088
<b>Total other assets</b>	<b>891,635</b>	<b>267,957</b>
<b>Total assets</b>	<b>\$ 1,113,237</b>	<b>1,075,953</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 990	5,406
Accrued expenses	14,434	15,607
Fiscal agency funds	5,746	4,086
<b>Total current liabilities</b>	<b>21,170</b>	<b>25,099</b>
Net Assets		
Unrestricted	524,931	553,358
Unrestricted - board designated for stewardship and defense:		
Cash and cash equivalents	15,934	188,585
Investments	293,440	-
Beneficial interest in trust	230,954	262,088
Temporarily restricted	26,808	46,823
<b>Total net assets</b>	<b>1,092,067</b>	<b>1,050,854</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,113,237</b>	<b>1,075,953</b>

*The accompanying notes are an integral part of these financial statements.*

**SANTA FE CONSERVATION TRUST  
STATEMENT OF ACTIVITIES AND  
CHANGES IN NET ASSETS  
Year Ended December 31, 2015**

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Revenues			
Contributions and grants	\$ 165,063	19,025	<b>184,088</b>
Project fees	233,138	-	<b>233,138</b>
Special events income, net	72,428	-	<b>72,428</b>
<b>Total revenues</b>	<u>470,629</u>	<u>19,025</u>	<u><b>489,654</b></u>
Other Support			
Interest and dividends	12,181	-	<b>12,181</b>
Net realized and unrealized income on investments, net of fees	(27,714)	-	<b>(27,714)</b>
In-kind contributions	2,240	-	<b>2,240</b>
<b>Total other support</b>	<u>(13,293)</u>	<u>-</u>	<u><b>(13,293)</b></u>
<b>Total revenues and         other support</b>	<u>457,336</u>	<u>19,025</u>	<u><b>476,361</b></u>
Net assets released from restrictions	39,040	(39,040)	-
<b>Total revenues and other         support after release</b>	<u>496,376</u>	<u>(20,015)</u>	<u><b>476,361</b></u>
Expenses			
Program Services:			
Development	57,693	-	<b>57,693</b>
Mission	308,516	-	<b>308,516</b>
Supporting Services:			
General and administrative	60,939	-	<b>60,939</b>
Bad debt	8,000	-	<b>8,000</b>
<b>Total expenses</b>	<u>435,148</u>	<u>-</u>	<u><b>435,148</b></u>
<b>Change in net assets</b>	61,228	(20,015)	<b>41,213</b>
Net assets, beginning of year	<u>1,004,031</u>	<u>46,823</u>	<u><b>1,050,854</b></u>
<b>Net assets, end of year</b>	<u><u>\$ 1,065,259</u></u>	<u><u>26,808</u></u>	<u><u><b>1,092,067</b></u></u>

*The accompanying notes are an integral part of these financial statements.*

**SANTA FE CONSERVATION TRUST  
STATEMENT OF ACTIVITIES AND  
CHANGES IN NET ASSETS  
Year Ended December 31, 2014**

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Revenues			
Contributions and grants	\$ 180,903	46,823	227,726
Project fees	104,503	-	104,503
Special events income, net	69,858	-	69,858
<b>Total revenues</b>	<u>355,264</u>	<u>46,823</u>	<u>402,087</u>
Other Support			
Interest and dividends	26	-	26
Net realized and unrealized income on investments, net of fees	10,629	-	10,629
In-kind contributions	6,785	-	6,785
<b>Total other support</b>	<u>17,440</u>	<u>-</u>	<u>17,440</u>
<b>Total revenues and         other support</b>	<u>372,704</u>	<u>46,823</u>	<u>419,527</u>
Net assets released from restrictions	3,000	(3,000)	-
<b>Total revenues and other         support after release</b>	<u>375,704</u>	<u>43,823</u>	<u>419,527</u>
Expenses			
Program Services:			
Development	46,389	-	46,389
Mission	254,466	-	254,466
Supporting Services:			
General and administrative	96,925	-	96,925
<b>Total expenses</b>	<u>397,780</u>	<u>-</u>	<u>397,780</u>
<b>Change in net assets</b>	(22,076)	43,823	21,747
Net assets, beginning of year	<u>1,026,107</u>	<u>3,000</u>	<u>1,029,107</u>
<b>Net assets, end of year</b>	<u>\$ 1,004,031</u>	<u>46,823</u>	<u>1,050,854</u>

*The accompanying notes are an integral part of these financial statements.*

**SANTA FE CONSERVATION TRUST**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2015 and 2014**

	2015	2014
Cash Flows From Operating Activities		
Change in net assets	\$ 41,213	21,747
Adjustments to reconcile the change in net assets to net cash flows provided by operating activities:		
Depreciation	5,932	3,065
Unrealized loss (gain) on investment	9,962	(4,796)
Changes in assets and liabilities:		
Contracts and contributions receivable	14,575	(2,244)
Prepaid expenses	3,149	(4,024)
Accounts payable	(4,416)	2,602
Accrued expenses	(1,173)	3,309
<b>Net cash flows provided by operating activities</b>	<b>69,242</b>	<b>19,659</b>
Cash Flows From Investing Activities		
Purchase of equipment	(3,196)	(18,828)
Purchase of investments	(675,181)	27,408
Proceeds from investments sales	44,861	204,300
<b>Net cash flows (used) provided by investing activities</b>	<b>(633,516)</b>	<b>212,880</b>
<b>Net change in cash and cash equivalents</b>	<b>(564,274)</b>	<b>232,539</b>
Cash and cash equivalents, beginning of year	739,397	506,858
<b>Cash and cash equivalents, end of year</b>	<b>\$ 175,123</b>	<b>739,397</b>
Cash and cash equivalents are reported on the statement of financial position as follows:		
Cash and cash equivalents	\$ 153,443	546,726
Cash and cash equivalents - board designated for stewardship and defense	15,934	188,585
	5,746	4,086
Cash held for fiscal agency funds	\$ 175,123	739,397

*The accompanying notes are an integral part of these financial statements.*



**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 1. ORGANIZATION**

The Santa Fe Conservation Trust (SFCT) is a charitable, not-for-profit organization dedicated to preserving the spirit of place among the communities of northern New Mexico by protecting open spaces and critical wildlife habitat, by creating trails, and by protecting the traditional landscapes of New Mexico's diverse cultures. SFCT works with private and public landowners to help them protect their undeveloped natural areas, wildlife habitat, clean water, scenic views, rivers and streams, trails, prehistoric and historic sites, and working ranches and farmlands.

*Programs and Services.* During the year ended December 31, 2015 and 2014, SFCT incurred program and service expenses in the following major categories:

*Land Conservation* – SFCT works to identify and protect the most important and threatened lands using all the tools of private, voluntary land conservation by working with willing landowners to find ways to protect the conservation values of the land forever. SFCT uses a variety of land protection methods to achieve its conservation goals, including conservation easements and fee donations and acquisitions, land exchanges and management agreements. SFCT uses evaluation and selection criteria to assess the status of conservation values, the threats to these values and the potential for their successful conservation on each of the properties it works to protect.

*Public Outreach* – SFCT increases awareness about the benefits of private land conservation and the mission of SFCT. SFCT dedicates considerable time and effort to serving as an information resource, conducting outreach and engaging in relevant policy and legislative initiatives. SFCT's outreach efforts target landowners, their advisors, community groups, conservation organizations and public agencies.

*Land Stewardship* – SFCT provides stewardship for all of its land and easement holdings through baseline assessment, management planning, monitoring, and legal defense. Annual monitoring is completed to ensure landowner compliance with the terms of the easements and that the conservation values are being adequately protected. Stewardship gifts and fees are accepted into a stewardship fund as lands and easements are conserved. This fund is managed separately from SFCT's operating funds and is used to provide for future annual monitoring expenses as well as the future potential costs of restoration, and the legal defense of its land and easement holdings.

SFCT's programs are supported primarily by contributions and grants.

*Reclassifications.* Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of SFCT is presented to assist in the understanding of SFCT's financial statements. The financial statements and notes are the representations of SFCT's management who is responsible for their integrity and objectivity.

*Basis of Presentation.* SFCT's financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presenting Financial Statements*. Under ASC 958-205, SFCT is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No permanently restricted assets were held during the year; accordingly, these financial statements do not reflect any activity related to this class of net assets.

*Basis of Accounting.* The financial statements of SFCT are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Cash Flow Information.* For the purposes of the statement of cash flows, all highly liquid investments with an initial maturity of 90 days or less, that are not restricted, are considered to be cash equivalents.

*Investments.* Investments include marketable securities and money market funds. Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

*Concentrations of Risk.* SFCT maintains cash and cash equivalents with financial institutions. At times such amounts may exceed FDIC limits. SFCT limits the amount of credit exposure with any one financial institution and believes that no significant credit risk exists with respect to cash.

*Allowance for Uncollectible Accounts.* Management feels that accounts receivable are fully collectible and, accordingly, no allowance for uncollectible accounts is considered necessary.

*Furniture and Equipment.* SFCT capitalizes expenditures over \$500 with a useful life greater than one year. Property and equipment is recorded at cost if purchased or fair value if donated. 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. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets or lease term, whichever is shorter. Estimated useful lives are five years

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

*Contributions.* All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to SFCT are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts received with donor stipulations that limit the use of the donated assets are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished by SFCT, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

*Contributions of Long-Lived Assets.* Contributions of equipment and other long-lived assets without donor-imposed stipulations concerning the use of such assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire equipment and other long-lived assets with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

*Promises to Give.* Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

*Net Assets.* Net assets are composed of the following:

*Unrestricted Net Assets* – net assets that are not subject to restrictions. Unrestricted contributions, grant income, and professional service contract income are recorded as income when constructively received.

*Temporarily Restricted Net Assets* – net assets that are subject to restrictions imposed by donors, grantors or contract provision that may or will be met by the occurrence of a specific event or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – net assets that are permanently restricted by the donor, grantor, or contract provision. SFCT had no permanently restricted net assets at year-end.

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

*Advertising.* The cost of advertising is expensed in the year incurred.

*Use of Estimates.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

*Functional Expense Allocation.* The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Income Taxes.* SFCT is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, SFCT has been classified as other than a private foundation. SFCT's open audit periods are 2012 through 2015.

SFCT evaluates uncertain tax positions in accordance with ASC 740 whereby the effect of the uncertainties in tax positions would be recorded if the outcome was considered probable and reasonably estimable. SFCT believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

*Risk Management.* SFCT is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. SFCT has obtained commercial insurance coverage to protect itself against such losses.

**SANTA FE CONSERVATION TRUST  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2015 and 2014**

**NOTE 3. CONSERVATION EASEMENTS**

SFCT has acquired and holds a number of conservation easements, each representing a legal interest in land owned by another person or entity, but representing SFCT's right to monitor and protect the land for conservation purposes. A property owner may sell or give away a bundle of rights to his or her property, or just a few of these rights. These may include, for example, the right to construct buildings, to subdivide the land, to restrict access, or to harvest timber. In order to give away certain rights while retaining others, a property owner grants an easement to an appropriate third party such as SFCT. SFCT evaluates each easement for its conservation values and then ensures that the terms of the easements will adequately protect and preserve these values.

An easement runs with the property and is recorded at the county or town records office so that all future owners and lenders will learn about the restrictions when they obtain a title report. The original owner or donor of the easement and all subsequent owners are bound by the restriction of the easement.

SFCT held 83 conservation easements on approximately 36,021 acres of land at December 31, 2015, and 79 conservation easements on approximately 35,463 acres of land at December 31, 2014. These easements are held by SFCT in perpetuity, and SFCT assumes the legal obligation to uphold and defend them. Accordingly SFCT monitors the conservation easements on a regular basis, and maintains records of communication, land use activities, and site inspections. See Note 12 for assets held for the stewardship and legal defense of conservation easements held by SFCT.

Because of the unique nature of these assets, the impracticality of obtaining consistent and reliable estimates of the values ascribed to these interests, and consistent with the practices followed by environmental land trusts, they are not recorded as assets in the financial statements.

**NOTE 4. STEWARDSHIP COMMITMENT**

Monitoring and, if necessary, legally defending the conservation lands and easements held by SFCT, and doing so in perpetuity, is an important aspect of SFCT's work. Current costs associated with SFCT's stewardship efforts are expensed as incurred. The costs of future obligations represent a commitment of SFCT and will be recorded as they are incurred.

SFCT has obtained conservation defense insurance that covers the cost of defending, including the cost of legal expenses, for claims or violations made on or against easements held by SFCT.

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 5. INVESTMENTS**

SFCT has adopted ASC 820-10 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820-10 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 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820-10 describes three levels of inputs that may be used to measure fair value:

- Level 1      Quoted prices in active markets for identical assets or liabilities
  
- Level 2      Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
  
- Level 3      Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investments are reported at fair market value. Assets valued using Level 1 inputs are determined by quoted market prices derived from an active market and Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. The beneficial interest in trust is considered to have Level 3 inputs and are valued by management's assumptions about the assumptions the market participants would utilize in pricing the asset.

SFCT had the following investments at December 31:

	<b>2015</b>	2014
Debt mutual funds	\$ <b>390,803</b>	-
Equity mutual funds	<b>29,771</b>	-
Exchange traded funds	<b>232,578</b>	-
Total investments	<b>653,152</b>	-
Beneficial interest in trust	<b>230,954</b>	262,088
Total investments	<b>\$ 884,106</b>	262,088

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 5. INVESTMENTS (CONTINUED)**

Return on investments consisted of the following at December 31:

	<b>2015</b>	2014
Interest and dividends	\$ <b>12,181</b>	26
Fees	<b>(4,817)</b>	(5,263)
Net realized and unrealized (loss) gain	<b>(22,897)</b>	15,892
Total investment returns	<u><u>\$ <b>(15,533)</b></u></u>	<u>10,655</u>

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying Statements of Financial Position measured at fair value on a recurring basis and the level within the ASC 820-10 fair value hierarchy in which the fair value measurements fall at December 31, 2015:

		Quoted Prices In Active Markets For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	Total	(Level 1)	(Level 2)	(Level 3)
Debt mutual funds	\$ 390,803	390,803	-	-
Equity mutual funds	29,771	29,771	-	-
Exchange traded funds	232,578	232,578	-	-
Beneficial interest in trust	230,954	-	-	230,954
Total	<u><u>\$ 884,106</u></u>	<u><u>653,152</u></u>	<u><u>-</u></u>	<u><u>230,954</u></u>

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 5. INVESTMENTS (CONTINUED)**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying Statements of Financial Position measured at fair value on a recurring basis and the level within the ASC 820-10 fair value hierarchy in which the fair value measurements fall at December 31, 2014:

		Quoted Prices In Active Markets For Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	Total	(Level 1)	(Level 2)	(Level 3)
Debt mutual funds	\$ -	-	-	-
Equity mutual funds	-	-	-	-
Exchange traded funds	-	-	-	-
Beneficial interest in trust	262,088	-	-	262,088
Total	<u>\$ 262,088</u>	<u>-</u>	<u>-</u>	<u>262,088</u>

The beneficial interest in trust was \$230,954 and \$262,088 at December 31, 2015 and 2014, respectively, and was held by the Santa Fe Community Foundation (SFCF) on behalf of SFCT and are considered to have Level 3 inputs.

Pursuant to the terms of the contracts with the SFCF, the beneficial interest in trust is deemed to be the property of the SFCF. Accordingly, SFCT records these assets as a beneficial interest in assets held by the SFCF. The contracts with the SFCF stipulate the percentage of annual earnings from the Funds that SFCT is entitled to receive annually. Additionally, the contracts stipulate under what circumstances additional distributions can be paid to SFCF from these funds. The SFCF has the sole and final authority over decisions to honor requests by SFCT for distributions from these Funds to SFCF.

The following is a reconciliation of the beginning and ending balances of the recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Unrestricted Net Assets
Balance as of December 31, 2014	\$ 262,088
Current year unrealized loss, net of fees	(4,221)
Distributions	(26,913)
<b>Balance as of December 31, 2015</b>	<b><u>\$ 230,954</u></b>



**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 6. CONTRACTS, GRANTS, AND CONTRIBUTIONS RECEIVABLE**

Contracts, grants, and contributions receivable as of December 31, 2015 and 2014 are as follows:

	<b>2015</b>	2014
Contributions receivable	\$ <b>7,940</b>	32,682
Grant receivable	<b>6,000</b>	-
Contracts receivable	<b>8,334</b>	4,167
Total contracts, grants, and contributions receivable	<u><u>\$ <b>22,274</b></u></u>	<u><u>36,849</u></u>

**NOTE 7. LAND AND FIXED ASSETS, NET**

Land and fixed assets, net, consisted of the following at December 31:

	<b>2015</b>	2014
Land	\$ <b>7,947</b>	7,947
Vehicle	<b>17,000</b>	17,000
Furniture, fixtures, and equipment	<b>8,411</b>	14,390
Total	<u><b>33,358</b></u>	39,337
Less accumulated depreciation	<u><b>(9,218)</b></u>	(12,461)
Total land and fixed assets, net	<u><u>\$ <b>24,140</b></u></u>	<u><u>26,876</u></u>

Land consists of approximately seven acres of land that was donated in 1995. The fair market value of the land was estimated by management using the notice of value from the Santa Fe County Assessor and was then adjusted to represent a discount because the land is unbuildable and has no conservation value.

Depreciation expense was \$5,932 and \$3,065 for the years ended December 31, 2015 and 2014, respectively. SFCT disposed of \$12,724 in fully depreciated furniture, fixture, and equipment in the year ending December 31, 2015.

**NOTE 8. RELATED PARTY TRANSACTIONS**

SFCT received \$30,940 and \$30,600 in contributions from Board Members for the years ended December 31, 2015 and 2014, respectively. There were no outstanding amounts included in contributions receivable.

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 9. OPERATING LEASE COMMITMENTS**

SFCT leases office space under a non-cancelable operating lease. The lease begins March 1, 2015 and terminates December 31, 2018. Lease payments are \$1,784 for the first year, increasing 3% per year for the life of the lease.

Future minimum rental payments due under the lease are as follows:

Year ending December 31:

2016	\$ 22,709
2017	23,390
2018	<u>24,092</u>
<b>Total</b>	<b><u>\$ 70,191</u></b>

Rent expense for the years ended December 31, 2015 and 2014 was \$22,048 and \$17,837, respectively.

**NOTE 10. CONCENTRATIONS OF CREDIT, MARKET, AND BUSINESS RISK**

*Geographical Concentration.* SFCT's operations are limited to Santa Fe and northern New Mexico

*Revenue Concentration.* SFCT received 50% and 65% of its revenue from donations, grants, and tax credit sales in the years ended December 31, 2015 and 2014, respectively. SFCT might not be able to continue to exist as a viable and sustainable organization if the donations are not continued.

The Internal Revenue Service (IRS) and some state taxing authorities have provided tax benefits in the form of deductions and credits to individuals that donate conservation easements. These benefits represent a major incentive to individuals donating easements to SFCT. SFCT's ability to generate future donations would be impaired if the IRS and the State of New Mexico were to eliminate these tax benefits.

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 11. DONATED ASSETS AND SERVICES**

Generally accepted accounting principles requires that professional service hours (attorney, accountants, doctors... etc) be recorded in the financial statements, but not volunteer hours. Volunteers and board members have donated significant amounts of their time in SFCT's program and in its fund-raising campaigns. The value of these hours could not be estimated and is not recorded in the financial statements.

In-kind contributions recorded in the statement of activities and changes in net assets consisted of consulting and professional services valued at \$2,240 and \$6,785 for the years ending December 31, 2014 and 2015, respectively.

**NOTE 12. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES**

The Board of Directors has designated funds solely for the monitoring and legal defense of conservation easements held by SFCT. Revenues for this fund consist of contributions by landowners. Investment income is reinvested and is also designated. The Board requires designated funds to be maintained separately from operating funds. SFCT had unrestricted net assets designated for stewardship and defense of \$15,934 and \$188,585 in cash and cash equivalents, and \$293,440 and \$0 in investments at December 31, 2015 and 2014, respectively.

The Board of Directors has also designated funds held in a beneficial interest in trust to uphold and defend easements. Revenues for this fund consist of contributions by landowners. Investment income is reinvested and is also designated. Distributions from the fund are governed by the terms of the endowment contract (see Note 5). SFCT had unrestricted net assets for stewardship and defense of \$230,954 and \$262,088 in a beneficial interest in trust at December 31, 2015 and 2014, respectively.

**NOTE 13. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$26,808 and \$46,823 at December 31, 2015 and 2014, respectively, consists of grants and contributions received with donor imposed purpose restrictions. The grant money has been received by SFCT, but had not been spent as of year-end.

**SANTA FE CONSERVATION TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 14. SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. SFCT recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. SFCT's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before financial statements are available to be issued.

SFCT has evaluated subsequent events through April 22, 2016, which is the date the financial statements are available to be issued and had not identified any material subsequent events.

**SANTA FE CONSERVATION TRUST**  
**SCHEDULE OF CONSERVATION EASEMENTS RECEIVED (UNAUDITED)**  
**December 31, 2015**

The following schedule represents the acres and values of conservation easements received by the SFCT:

Years	Number of Easements	Acres		Value
1993 – 2003	38	29,429	\$	42,825,192
2004 – 2008	22	1,552		7,160,813
2009	5	1,486		2,092,000
2010	2	216		562,000
2011	4	1,330		2,059,000
2012	2	320		646,000
2013	4	979		2,127,600
2014	2	311		916,000
2015	4	393		1,164,000
<b>Total</b>	<b>83</b>	<b>36,016</b>	<b>\$</b>	<b>59,552,605</b>