

**NATURAL HERITAGE LAND TRUST, INC.**

**FINANCIAL STATEMENTS**

June 30, 2014 and 2013

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Natural Heritage Land Trust, Inc.  
Madison, Wisconsin

We have audited the accompanying financial statements of Natural Heritage Land Trust, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, 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 from 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 Natural Heritage Land Trust, Inc. as of June 30, 2014 and 2013, 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.

*Wegner CPAs, LLP*  
Wegner CPAs, LLP  
Madison, Wisconsin  
September 10, 2014

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**NATURAL HERITAGE LAND TRUST, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2014 and 2013

	2014	2013
<b>ASSETS</b>		
Cash	\$ 150,140	\$ 157,940
Accounts receivable	271	4,397
Investments	731,337	674,012
Promises to give - net	36,714	32,765
Prepaid expenses	3,970	3,821
Equipment - net	5,197	7,116
Land held for conservation	4,706,651	7,716,853
Beneficial interest in assets held by Madison Community Foundation	327,141	248,440
<b>Total assets</b>	<b>\$ 5,961,421</b>	<b>\$ 8,845,344</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 6,396	\$ 8,347
Accrued expenses	15,694	21,023
Deferred revenue	31,634	7,890
Grants payable	-	2,865,835
<b>Total liabilities</b>	<b>53,724</b>	<b>2,903,095</b>
<b>NET ASSETS</b>		
Undesignated	4,766,590	4,973,857
Designated for capital preservation and growth	451,842	419,962
Designated for agency endowment	107,344	98,628
Designated for easement endowment	219,797	149,812
<b>Total unrestricted</b>	<b>5,545,573</b>	<b>5,642,259</b>
Temporarily restricted	362,124	299,990
<b>Total net assets</b>	<b>5,907,697</b>	<b>5,942,249</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,961,421</b>	<b>\$ 8,845,344</b>

See accompanying notes.

**NATURAL HERITAGE LAND TRUST, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended June 30, 2014 and 2013

	2014	2013
<b>UNRESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 176,236	\$ 733,334
Grants	1,547,499	5,876,211
Rental income	1,500	6,568
Return on investments	88,424	58,742
Return on agency endowments	37,527	18,881
Service fees	1,289	30,757
Other	-	6,116
<b>Total unrestricted support and revenue</b>	<b>1,852,475</b>	<b>6,730,609</b>
<b>EXPENSES</b>		
Program services	1,865,990	6,482,202
Supporting activities		
Management and general	39,039	41,329
Fundraising	78,831	100,801
<b>Total supporting activities</b>	<b>117,871</b>	<b>142,130</b>
<b>Total expenses</b>	<b>1,983,861</b>	<b>6,624,332</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of purpose restrictions	34,700	67,593
<b>Change in unrestricted net assets</b>	<b>(96,686)</b>	<b>173,870</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	96,834	72,655
Net assets released from restrictions		
Satisfaction of purpose restrictions	(34,700)	(67,593)
<b>Change in temporarily restricted net assets</b>	<b>62,134</b>	<b>5,062</b>
<b>Change in net assets</b>	<b>(34,552)</b>	<b>178,932</b>
Net assets - beginning of year	5,942,249	5,763,317
<b>Net assets - end of year</b>	<b>\$ 5,907,697</b>	<b>\$ 5,942,249</b>

See accompanying notes.

**NATURAL HERITAGE LAND TRUST, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended June 30, 2014 and 2013

	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
<b>2014</b>				
Personnel	\$ 120,869	\$ 19,203	\$ 61,233	\$ 201,305
Professional services	14,036	13,316	-	27,352
Postage and printing	5,103	1,637	2,881	9,621
Occupancy	8,817	1,401	4,467	14,685
Land management	48,182	-	-	48,182
Communications	1,440	229	729	2,398
Supplies	3,242	515	1,642	5,399
Real estate taxes	1,148	-	-	1,148
Travel and meetings	678	108	344	1,130
Depreciation	1,152	183	584	1,919
Insurance	4,223	671	2,139	7,033
Events	-	-	4,812	4,812
Other	2,593	1,777	-	4,370
<b>Total operating expenses</b>	<b>211,483</b>	<b>39,039</b>	<b>78,831</b>	<b>329,354</b>
Grants and contributions	1,371,713	-	-	1,371,713
Easement acquisitions	118,714	-	-	118,714
Land donations	164,080	-	-	164,080
<b>Total expenses</b>	<b>\$ 1,865,990</b>	<b>\$ 39,039</b>	<b>\$ 78,831</b>	<b>\$ 1,983,861</b>
	Program Services	Supporting Activities		Total
		Management and General	Fundraising	
<b>2013</b>				
Personnel	\$ 112,172	\$ 17,718	\$ 56,499	\$ 186,389
Professional services	6,771	12,334	-	19,105
Postage and printing	6,630	1,933	2,940	11,503
Occupancy	8,763	1,392	4,439	14,594
Land management	30,367	-	-	30,367
Communications	1,068	170	541	1,779
Supplies	1,223	194	619	2,036
Real estate taxes	2,754	-	-	2,754
Travel and meetings	721	115	365	1,201
Depreciation	443	70	224	737
Insurance	2,866	455	1,452	4,773
Events	-	-	33,722	33,722
Other	1,601	6,948	-	8,549
<b>Total operating expenses</b>	<b>175,379</b>	<b>41,329</b>	<b>100,801</b>	<b>317,509</b>
Grants and contributions	71,305	-	-	71,305
Easement acquisitions	2,004,620	-	-	2,004,620
Land donations	4,230,898	-	-	4,230,898
<b>Total expenses</b>	<b>\$ 6,482,202</b>	<b>\$ 41,329</b>	<b>\$ 100,801</b>	<b>\$ 6,624,332</b>

See accompanying notes.

**NATURAL HERITAGE LAND TRUST, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2014 and 2013

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (34,552)	\$ 178,932
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Donated stock	(7,227)	(3,668)
Depreciation	1,919	737
Realized and unrealized gain on investments	(62,509)	(41,111)
Loss on disposal of land held for conservation	3,029,916	1,437,773
Return on agency endowments	(37,527)	(18,881)
Amortization of discount on promises to give	1,951	(434)
(Increase) decrease in assets		
Accounts receivable	4,126	828
Promises to give	(5,900)	(10,651)
Prepaid expenses	(149)	(3,399)
Increase (decrease) in liabilities		
Accounts payable	(1,951)	1,295
Accrued expenses	(5,329)	(692)
Deferred revenue	23,744	7,890
Grants payable	(2,865,835)	2,794,940
<b>Net cash provided by operating activities</b>	<b>40,677</b>	<b>4,343,559</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(24,944)	(16,890)
Proceeds from sales of investments	37,355	-
Purchase of land held for conservation	(19,714)	(4,232,713)
Purchases of property and equipment	-	(6,505)
Distributions from agency endowments	9,926	5,498
Contributions to agency endowments	(51,100)	(45,000)
<b>Net cash used in investing activities</b>	<b>(48,477)</b>	<b>(4,295,610)</b>
<b>Net change in cash</b>	<b>(7,800)</b>	<b>47,949</b>
Cash - beginning of year	157,940	109,991
<b>Cash - end of year</b>	<b>\$ 150,140</b>	<b>\$ 157,940</b>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Noncash investing transactions		
Donation of stock	\$ 7,227	\$ 3,668

See accompanying notes.

**NATURAL HERITAGE LAND TRUST, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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Natural Heritage Land Trust, Inc. (Trust) works to protect natural areas, wildlife habitats, working farms, healthy lakes and streams, and recreation land to provide a high quality of life in the Dane County, Wisconsin region. The Trust is supported primarily by contributions from the general public and grants from government agencies.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

The Trust is required to report information regarding its financial position and activities according to three classes of net assets:

*Unrestricted net assets*—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

*Temporarily restricted net assets*—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

*Permanently restricted net assets*—Net assets that have been restricted by donors to be maintained by the Trust in perpetuity.

**Accounts Receivable**

The Trust considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been developed. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Investments**

Investments in marketable securities with readily determinable fair values are stated at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Equipment**

Acquisitions of equipment in excess of \$1,500 are capitalized. Equipment is carried at cost or, if donated, at the estimated fair value on the date of donation. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets.

**NATURAL HERITAGE LAND TRUST, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Land Held for Conservation**

Purchases of land are recorded at cost or, if donated, at the estimated fair value on the date of donation. Such 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, and contributions of cash that must be used to acquire property are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Trust reports expiration of donor restrictions when the assets are placed in service, and reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Conservation Easements**

Conservation easements accepted or purchased by the Trust are not recognized as assets or revenue in the accompanying financial statements because the Trust does not hold fee title to these properties and there are no expected future economic benefits associated with the easements. In addition, conservation easements carry significant obligations to monitor and defend their terms. If purchased, the costs of conservation easements are expensed when the easements are acquired.

**Contributions**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other 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 and reported in the statements of activities as net assets released from restrictions

**Estimates**

The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Income Tax Status**

The Trust is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Trust's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Trust is no longer subject to such examinations for tax years before 2010.

**NATURAL HERITAGE LAND TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Date of Management’s Review**

Management has evaluated subsequent events through September 10, 2014, the date which the financial statements were available to be issued.

**Expense Allocation**

The costs of providing various program services and supporting activities are summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following program services and supporting activities are included in the accompanying financial statements:

*Program services*—Includes activities to protect land and water and build community support for land protection through outreach and education of the public.

*Management and general*—Includes accounting and production of financial reports, development and oversight of the annual budget, maintenance of personnel records, personnel evaluations, and organizational governance.

*Fundraising*—Includes the cultivation of new donors, the administration of fundraising events, membership solicitations, direct mailings, and planned giving activities.

**Reclassification**

Certain June 30, 2013 financial statement line items have been reclassified to conform to the current period’s presentation.

NOTE 2—INVESTMENTS

Investments at June 30, 2014 and 2013 consisted of the following:

	2014	2013
Cash	\$ 7,273	\$ 16,743
Exchange traded funds	17,859	-
Mutual funds comprised of equities	449,854	401,881
Mutual funds comprised of fixed income securities	256,351	255,388
Investments	\$ 731,337	\$ 674,012

**NATURAL HERITAGE LAND TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

NOTE 2—INVESTMENTS (continued)

Return on investments for the years ended June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 33,698	\$ 21,828
Realized and unrealized gain	62,509	41,110
Investment fees	<u>(7,783)</u>	<u>(4,196)</u>
Return on investments	<u>\$ 88,424</u>	<u>\$ 58,742</u>

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 10,100	\$ 15,000
Receivable in one to five years	<u>31,800</u>	<u>21,000</u>
Unconditional promises to give	41,900	36,000
Less discounts to net present value	<u>(5,186)</u>	<u>(3,235)</u>
Unconditional promises to give - net	<u>\$ 36,714</u>	<u>\$ 32,765</u>

Unconditional promises to give receivable in more than one year are discounted at 5%.

NOTE 4—LAND HELD FOR CONSERVATION

Land held for conservation at June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Bruce Company	\$ -	\$ 2,865,835
Koltes	1,143,173	1,143,173
Paulson / Patrick Marsh	1,080,170	1,080,170
Stern / Patrick Marsh	785,586	785,586
Arg Matey / Patrick Marsh	686,184	686,184
Carpenter / Westport	625,383	625,383
Borke	348,609	348,609
Eggleston / Muir	9,163	-
Werling	-	155,455
Wilke Preserve	24,058	24,058
Other	<u>4,325</u>	<u>2,400</u>
Land held for conservation	<u>\$ 4,706,651</u>	<u>\$ 7,716,853</u>

**NATURAL HERITAGE LAND TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

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NOTE 5—CONTINGENCY

The Trust holds various conservation easements that may require expenditures to monitor and defend the provisions of the easements.

NOTE 6—EQUIPMENT

Equipment at June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Equipment	\$ 10,013	\$ 11,213
Less accumulated depreciation	<u>4,816</u>	<u>4,097</u>
Equipment - net	<u>\$ 5,197</u>	<u>\$ 7,116</u>

NOTE 7—GRANTS PAYABLE

Grants payable at June 30, 2013 consisted of promises by the Trust to donate its land held for conservation in the Upper Sugar River basin of Dane County. The land was donated in June 2014.

NOTE 8—NET ASSETS

The Trust's board of directors has chosen to place the following limitations on unrestricted net assets at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Designated for capital preservation and growth	\$ 451,842	\$ 419,962
Designated for agency endowment	107,344	98,628
Designated for easement endowment	<u>219,797</u>	<u>149,812</u>
Board designated net assets	<u>\$ 778,983</u>	<u>\$ 668,402</u>

Temporarily donor restricted net assets are available for the following purposes at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Monitoring and enforcement of conservation easements	\$ 274,270	\$ 209,651
Wilke preserve	37,269	51,369
Other conservation programs	<u>50,585</u>	<u>38,970</u>
Temporarily restricted net assets	<u>\$ 362,124</u>	<u>\$ 299,990</u>

**NATURAL HERITAGE LAND TRUST, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE 8—NET ASSETS (continued)

*Easement Stewardship* provides for baseline development, monitoring and enforcement, with a view to prompt identification and enforcement of violations of the terms of conservation easements granted to the Trust. *Easement Legal Defense* provides for expenses incurred in the enforcement, by litigation or otherwise, of the terms of any easement granted to the Trust. The Land Trust Alliance (LTA) has established guidance for funds reserved for the purposes described above for application for accreditation that is based on the number of easements held.

As of June 30, 2014 the Trust held 57 easements.

The following was the status of these funds as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Temporarily restricted	\$ 311,539	\$ 261,020
Board designated	<u>219,797</u>	<u>149,812</u>
Easement Stewardship and Legal Defense	<u>\$ 531,336</u>	<u>\$ 410,832</u>

NOTE 9—BENEFICIAL INTEREST IN AGENCY ENDOWMENT

The Trust has two agency endowment funds its board of directors established at the Madison Community Foundation (Foundation). The Trust recognizes the fair value of contributions as support when received. When the Trust transfers the funds to the Foundation it recognizes the transfer as a decrease in cash and an increase in an asset called beneficial interest in assets held by Madison Community Foundation. The Trust acknowledges that, by virtue of the governing instrument of the Foundation, the Board of Governors of the Foundation has the authority to modify any restriction or condition on the distribution of assets from the Funds if, in the reasonable judgment of the Board of Governors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation. The Foundation maintains legal ownership of the Funds. The Funds normally make annual distributions to the Trust that represents 4.75% of the average value of the assets in the Funds over the previous twelve quarters.

The Trust's board designated endowment funds at June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Agency endowment fund	\$ 107,344	\$ 98,628
Easement endowment fund	<u>219,797</u>	<u>149,812</u>
Endowment funds	<u>\$ 327,141</u>	<u>\$ 248,440</u>

**NATURAL HERITAGE LAND TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2014 and 2013

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**NOTE 9—BENEFICIAL INTEREST IN AGENCY ENDOWMENT (continued)**

The activity in the Trust's board designated endowment funds for the years ended June 30, 2014 and 2013 was as follows:

	2014	2013
Balance - beginning of year	\$ 248,440	\$ 190,057
Investment income	2,962	4,414
Realized gain (loss)	4,595	(4,674)
Unrealized gain	33,124	21,650
Expenses and fees	(3,154)	(2,509)
Return on agency endowments	37,527	18,881
Contributions to agency endowments	51,100	45,000
Distributions from agency endowments	(9,926)	(5,498)
Balance - end of year	\$ 327,141	\$ 248,440

**NOTE 10—OPERATING LEASES**

The Trust leases office space under an operating lease that expires in June 2015 and requires monthly payments of \$1,149. Rent expense was \$13,811 and \$13,535 for years ended June 30, 2014 and 2013.

The Trust also leases a copier under an operating lease that expires in June 2015 and requires monthly payments of \$145. Lease expense was \$1,740 for both years ended June 30, 2014 and 2013.

Future minimum lease payments are \$14,789 for the year ending June 30, 2015.

**NOTE 11—RETIREMENT PLAN**

The Trust has a defined contribution retirement plan for employees who work 20 or more hours per week for the Trust. Employer contributions to the plan were 3% of the employee's annual compensation. Contributions are fully vested when made. Retirement expense was \$3,371 and \$2,902 for the years ended June 30, 2014 and 2013.

**NATURAL HERITAGE LAND TRUST, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

NOTE 12—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2014 and 2013 are as follows:

2014	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds	\$ 17,859	\$ 17,859	\$ -	\$ -
Mutual funds comprised of equities	449,854	449,854	-	-
Mutual funds comprised of fixed income securities	256,351	256,351	-	-
Beneficial interest in assets held by MCF	<u>327,141</u>	<u>-</u>	<u>-</u>	<u>327,141</u>
Fair Value Measurements	<u><u>\$ 1,051,205</u></u>	<u><u>\$ 724,064</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 327,141</u></u>
 2013				
Mutual funds comprised of equities	\$ 401,881	\$ 401,881	\$ -	\$ -
Mutual funds comprised of fixed income securities	255,388	255,388	-	-
Beneficial interest in assets held by MCF	<u>248,440</u>	<u>-</u>	<u>-</u>	<u>248,440</u>
Fair Value Measurements	<u><u>\$ 905,709</u></u>	<u><u>\$ 657,269</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 248,440</u></u>

Fair values for exchange traded funds and mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

The Trust's beneficial interest in assets held by Madison Community Foundation represents an agreement between the Trust and the Foundation in which the Trust transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the Trust by the Foundation. Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

**NATURAL HERITAGE LAND TRUST, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014 and 2013

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NOTE 12—FAIR VALUE MEASUREMENTS (continued)

The following table presents additional information about assets measured at fair value on a recurring basis using significant unobservable inputs:

	Beneficial Interest in Assets Held by Madison Community Foundation	
	2014	2013
Beginning balance	\$ 248,440	\$ 190,057
Change in value of beneficial interest included in change in net assets	37,527	18,881
Purchases	51,100	45,000
Sales	(9,926)	(5,498)
Ending balance	\$ 327,141	\$ 248,440

The change in value of the beneficial interest included in the change in net assets is reported as return on agency endowments in the statements of activities.

NOTE 13—COMMUNITY TRUST FUND

The Eugenie Mayer Bolz Family Foundation contributed \$125,000 in 2000 to establish the Dane County Natural Heritage Foundation Endowment Fund (Fund) at the Madison Community Foundation. The Foundation, as a community trust, serves the mutual interests of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving. Component funds of the Foundation are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant the Foundation variance power that allows the Foundation to modify the donors' stipulations under certain circumstances as the Foundation monitors the changing needs of the community. Therefore, the Fund is not included in the Trust's financial statements.

The fair value of the Fund at the Foundation was \$179,926 and \$162,318 at June 30, 2014 and 2013. The amount available for annual distribution represents 4.75% of a rolling twelve-quarter average. The Trust received distributions of \$7,689 and \$7,967 from the Fund during the years ended June 30, 2014 and 2013.

NOTE 14—CONCENTRATION OF CREDIT RISK

The Trust maintains its cash balances in one financial institution located in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2014, the Trust's uninsured cash balances total approximately \$400,000.