



NATURAL HERITAGE LAND TRUST, INC.

FINANCIAL STATEMENTS

June 30, 2016 and 2015

Natural Heritage LAND TRUST

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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, 2016 and 2015, 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, 2016 and 2015, 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.

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NATURAL HERITAGE LAND TRUST, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 285,211	\$ 235,337
Accounts receivable	-	3,000
Unconditional promises to give - net	31,135	27,944
Prepaid expenses	3,941	3,977
Property and equipment - net	3,165	3,278
Land held for conservation	5,589,493	5,559,976
Investments	675,901	711,088
Beneficial interest in assets held by Madison Community Foundation	308,766	325,045
Total assets	\$ 6,897,612	\$ 6,869,645
LIABILITIES		
Accounts payable	\$ 5,350	\$ 17,851
Accrued expenses	14,538	16,726
Deferred revenue	56,197	28,440
Total liabilities	76,085	63,017
NET ASSETS		
Unrestricted	6,466,857	6,439,049
Temporarily restricted	354,670	367,579
Total net assets	6,821,527	6,806,628
Total liabilities and net assets	\$ 6,897,612	\$ 6,869,645

See accompanying notes.

NATURAL HERITAGE LAND TRUST, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 320,020	\$ 462,001
Grants	365,533	1,781,016
Service fees	11,489	18,769
Rental income	10,800	400
Return on investments	(817)	1,324
Change in beneficial interest in assets held by MCF	(11,381)	1,896
Other	290	-
Total unrestricted support and revenue	695,934	2,265,406
EXPENSES		
Program services	559,074	1,277,982
Supporting activities		
Management and general	56,465	44,452
Fundraising	87,587	78,790
Total supporting activities	144,052	123,242
Total expenses	703,126	1,401,224
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	35,000	29,294
Change in unrestricted net assets	27,808	893,476
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	22,091	34,749
Net assets released from restrictions		
Satisfaction of purpose restrictions	(35,000)	(29,294)
Change in temporarily restricted net assets	(12,909)	5,455
Change in net assets	14,899	898,931
Net assets - beginning of year	6,806,628	5,907,697
Net assets - end of year	\$ 6,821,527	\$ 6,806,628

See accompanying notes.

NATURAL HERITAGE LAND TRUST, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2016 and 2015

	Supporting Activities			Total
	Program Services	Management and General	Fundraising	
2016				
Personnel	\$ 124,087	\$ 35,804	\$ 71,741	\$ 231,632
Land management	46,701	-	-	46,701
Professional services	12,175	10,902	754	23,831
Occupancy	9,490	2,738	5,487	17,715
Supplies	8,990	1,366	2,736	13,092
Postage and printing	7,883	1,099	1,371	10,353
Insurance	4,488	1,295	2,595	8,378
Real estate taxes	4,015	-	-	4,015
Travel and meetings	657	190	380	1,227
Communications	745	215	431	1,391
Depreciation	1,131	326	654	2,111
Events	2,801	-	1,438	4,239
Other	1,515	2,530	-	4,045
Total operating expenses	224,678	56,465	87,587	368,730
Grants and contributions	3,475	-	-	3,475
Easement acquisition	280	-	-	280
Land donations	330,641	-	-	330,641
Total expenses	\$ 559,074	\$ 56,465	\$ 87,587	\$ 703,126
	Supporting Activities			
	Program Services	Management and General	Fundraising	Total
2015				
Personnel	\$ 118,586	\$ 18,840	\$ 60,075	\$ 197,501
Land management	73,503	-	-	73,503
Professional services	1,763	12,806	5,000	19,569
Occupancy	9,050	1,438	4,585	15,073
Supplies	11,898	6,905	2,313	21,116
Postage and printing	7,297	1,099	1,952	10,348
Insurance	4,638	737	2,350	7,725
Real estate taxes	8,103	-	-	8,103
Travel and meetings	382	61	194	637
Communications	1,330	377	1,272	2,979
Depreciation	1,152	183	584	1,919
Events	7,350	-	465	7,815
Other	6,827	2,006	-	8,833
Total operating expenses	251,879	44,452	78,790	375,121
Grants and contributions	396,103	-	-	396,103
Land donations	630,000	-	-	630,000
Total expenses	\$ 1,277,982	\$ 44,452	\$ 78,790	\$ 1,401,224

See accompanying notes.

NATURAL HERITAGE LAND TRUST, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,899	\$ 898,931
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contribution of land	-	(163,375)
Depreciation	2,111	1,919
Net realized and unrealized losses on investments	27,082	28,797
Land donation	330,641	630,000
Investment return retained in agency endowment	11,381	(1,896)
Amortization of discount on unconditional promises to give	(791)	(1,330)
(Increase) decrease in assets		
Accounts receivable	3,000	(2,729)
Unconditional promises to give	(2,400)	10,100
Prepaid expenses	36	(7)
Increase (decrease) in liabilities		
Accounts payable	(12,501)	11,455
Accrued expenses	(2,188)	1,032
Deferred revenue	27,757	(3,194)
Net cash provided by operating activities	399,027	1,409,703
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,998)	-
Purchases of investments	(25,456)	(29,133)
Proceeds from sales of investments	33,561	20,585
Purchases of land held for conservation	(360,158)	(1,319,950)
Distributions from agency endowments	12,498	10,092
Contributions to agency endowments	(7,600)	(6,100)
Net cash used in investing activities	(349,153)	(1,324,506)
Net change in cash	49,874	85,197
Cash - beginning of year	235,337	150,140
Cash - end of year	\$ 285,211	\$ 235,337
SUPPLEMENTAL DISCLOSURES		
Noncash investing transactions		
Contribution of land	\$ -	\$ 163,375

See accompanying notes.

NATURAL HERITAGE LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

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 reports 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.

Income Tax Status

The Trust is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Trust qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

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.

Promises to Give

Unconditional promises to give are recognized as revenue 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.

Property and 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, 2016 and 2015

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.

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.

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

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Reclassifications

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

NATURAL HERITAGE LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Date of Management's Review

Management has evaluated subsequent events through October 24, 2016, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

The Trust maintains cash balances at two financial institution located in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation or the National Credit Union Association up to \$250,000 at each institution. At June 30, 2016 the Trust had uninsured cash balances at one institution totaling \$10,762.

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Receivable in less than one year	\$ 7,600	\$ 5,100
Receivable in one to five years	23,400	20,400
Receivable in more than five years	3,200	6,300
Unconditional promises to give	34,200	31,800
Less discounts to net present value	(3,065)	(3,856)
Unconditional promises to give - net	\$ 31,135	\$ 27,944

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

NATURAL HERITAGE LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 4—PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Property and equipment	\$ 8,171	\$ 10,013
Less accumulated depreciation	5,006	6,735
Property and equipment - net	\$ 3,165	\$ 3,278

NOTE 5—LAND HELD FOR CONSERVATION

The Trust acquires important conservation land to add to public parks, nature preserve, trails, and wildlife areas. Some of its acquisitions are transferred to government agencies for long-term ownership and management. The Trust also acquires conservation easements, which protect land from incompatible development while keeping it in private ownership. The conservation easements held by the Trust protect high-quality farmland, streambanks, and scenic areas.

The Trust, as of June 30, 2016, has the following land held for conservation and conservation easements:

Location	Number of Properties	Acres	Recorded Amount
Land			
Westport Drumlin Preserve	4	213	\$ 2,395,045
Patrick Marsh Wildlife Area	3	80	2,551,940
Wilke Prairie Preserve	2	40	24,058
Lodi Marsh Wildlife Area	1	26	80,475
Muir Park	1	122	528,875
Other land acquisition costs	-	-	9,100
Conservation easements			
Town of Dunn Rural Preservation Program	31	3,152	-
Village of Windsor Farmland Preservation Program	2	320	-
Other Easements	34	2,202	-
Land held for conservation	78	6,155	\$ 5,589,493

NOTE 6—CONTINGENCY

The Trust holds 67 conservation easements that may require expenditures to monitor and defend the provisions of the easements.

NATURAL HERITAGE LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 7—INVESTMENTS

Investments at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Cash	\$ 6,934	\$ 34,057
Exchange traded funds	82,602	58,593
Mutual funds comprised of equities	332,788	362,380
Mutual funds comprised of fixed income securities	<u>253,577</u>	<u>256,058</u>
Investments	<u>\$ 675,901</u>	<u>\$ 711,088</u>

Return on investments for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 30,725	\$ 34,761
Net realized and unrealized losses	(27,082)	(28,797)
Investment fees	<u>(4,460)</u>	<u>(4,640)</u>
Return on investments	<u>\$ (817)</u>	<u>\$ 1,324</u>

NOTE 8—NET ASSETS

The Trust's board of directors as of June 30, 2016 and 2015 has chosen to place the following limitations on unrestricted net assets:

	<u>2016</u>	<u>2015</u>
Designated for operations	\$ 234,754	\$ 249,327
Designated conservation reserve	276,439	292,686
Designated for conservation easement stewardship and defense	171,013	191,851
Undesignated	<u>5,784,651</u>	<u>5,705,185</u>
Unrestricted	<u>\$ 6,466,857</u>	<u>\$ 6,439,049</u>

Temporarily restricted net assets as of June 30, 2016 and 2015 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Monitoring and enforcement of conservation easements	\$ 266,391	\$ 265,600
Wilke preserve	36,069	36,669
Other conservation programs	48,710	65,310
Restricted for future period	<u>3,500</u>	<u>-</u>
Temporarily restricted net assets	<u>\$ 354,670</u>	<u>\$ 367,579</u>

NATURAL HERITAGE LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

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 status of these funds as of June 30, 2016 and 2015 was as follows:

	2016	2015
Temporarily restricted	\$ 266,391	\$ 265,600
Board designated	171,013	191,851
Easement Stewardship and Legal Defense	\$ 437,404	\$ 457,451

NOTE 9—ENDOWMENTS

The Trust's endowments consists of investments to support the key assets of the Foundation from the earnings in which it creates. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Trust has established two agency endowments with the Madison Community Foundation (MCF) and two funds held by SVA Plumb Wealth Management as follows:

	2016	2015
Beneficial interest in assets held by MCF	\$ 308,766	\$ 325,045
Assets held by SVA Plumb Wealth Management	258,989	271,884
Endowment funds	\$ 567,755	\$ 596,929

Through June 30, 2016, the board of directors has designated \$265,295 of unrestricted net assets as a general endowment fund to support the mission of the Trust and for land and easement stewardship and defense. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets. In addition, the Trust received contributions of \$302,460 restricted for stewardship and defense. The board of directors decided these contributions should be held as a quasi-endowment fund and the income of the fund will be spent for the restricted purpose. Since the designation to hold the assets as a quasi-endowment is not a donor restriction, the temporarily restricted net assets of the quasi-endowment fund are reclassified to unrestricted net assets as the purpose restriction is met.

The Trust has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the original investment of the endowment. Under these policies, the endowment assets are invested in a manner that is intended to produce returns to fund the sustainability of the Trust's work while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives for the agency endowment, the Trust relies on MCF's total return strategy in

NATURAL HERITAGE LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 9—ENDOWMENTS (continued)

which investment returns are achieved through both realized and unrealized gains/loss and interest and dividends. For the funds held by SVA the Trust, through SVA, targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment net asset composition as of June 30, 2016 and 2015 by type of fund is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Quasi-endowment funds				
Easement monitoring and defense	\$ 171,013	\$ 302,460	\$ -	\$ 473,473
NHLT operations	94,282	-	-	94,282
June 30, 2016	<u>\$ 265,295</u>	<u>\$ 302,460</u>	<u>\$ -</u>	<u>\$ 567,755</u>
Quasi-endowment funds				
Conservation easement monitoring and defense	\$ 191,851	\$ 302,269	\$ -	\$ 494,120
NHLT operations	102,809	-	-	102,809
June 30, 2015	<u>\$ 294,660</u>	<u>\$ 302,269</u>	<u>\$ -</u>	<u>\$ 596,929</u>

Changes in endowment net assets for the years ended June 30, 2016 and 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - at June 30, 2014	\$ 295,097	\$ 311,539	\$ -	\$ 606,636
Contributions	1,000	5,100	-	6,100
Investment income	11,192	-	-	11,192
Net depreciation	(10,005)	-	-	(10,005)
Amounts appropriated for expenditures	(2,624)	(14,370)	-	(16,994)
Endowment net assets - at June 30, 2015	294,660	302,269	-	596,929
Contributions	-	7,600	-	7,600
Investment income	10,134	-	-	10,134
Net depreciation	(23,162)	-	-	(23,162)
Amounts appropriated for expenditures	(16,337)	(7,409)	-	(23,746)
Endowment net assets - at June 30, 2016	<u>\$ 265,295</u>	<u>\$ 302,460</u>	<u>\$ -</u>	<u>\$ 567,755</u>

NATURAL HERITAGE LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 10—OPERATING LEASES

The Trust leases office space under an operating lease that expires in June 2020 and requires monthly payments of \$1,648 with annual increase of 3%. Rent expense for years ended June 30, 2016 and 2015 was \$16,736 and \$14,178.

The Trust leases a copier under an operating lease that expires in February 2019 and requires monthly payments of \$244. Lease expense for the years ended June 30, 2016 and 2015 was \$2,929.

Future minimum lease payments for the years ending June 30, 2017, 2018, 2019, and 2020 are \$22,705, \$23,923, \$23,905 and \$21,600.

NOTE 11—RETIREMENT PLAN

The Trust sponsors 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 for the years ended June 30, 2016 and 2015 was \$4,338 and \$3,371.

NOTE 12—FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2016 and 2015 are as follows:

	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	\$ 82,602	\$ 82,602	\$ -	\$ -
Mutual funds comprised of equities	332,788	332,788	-	-
Mutual funds comprised of fixed income securities	253,577	253,577	-	-
Beneficial interest in assets held by MCF	308,766	-	-	308,766
June 30, 2016	\$ 977,733	\$ 668,967	\$ -	\$ 308,766
Exchange traded funds	\$ 58,593	\$ 58,593	\$ -	\$ -
Mutual funds comprised of equities	362,380	362,380	-	-
Mutual funds comprised of fixed income securities	256,058	256,058	-	-
Beneficial interest in assets held by MCF	325,045	-	-	325,045
June 30, 2015	\$ 1,002,076	\$ 677,031	\$ -	\$ 325,045

NATURAL HERITAGE LAND TRUST, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 12—FAIR VALUE MEASUREMENTS (continued)

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.

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	
	2016	2015
Beginning balance	\$ 325,045	\$ 327,141
Change in value of beneficial interest included in change in net assets	(11,381)	1,896
Purchases	7,600	6,100
Sales	(12,498)	(10,092)
Ending balance	\$ 308,766	\$ 325,045

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 Trust (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 as of June 30, 2016 and 2015 was \$163,434 and \$179,926. The amount available for annual distribution represents 4.75% of a rolling twelve-quarter average. The Trust received distributions from the Fund during the years ended June 30, 2016 and 2015 of \$7,826 and \$7,560.