



THE CALIFORNIA DESERT LAND CONSERVANCY

Financial Statements

&

**Independent Auditors' Report
December 31, 2013**

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
The California Desert Land Conservancy
dba Mojave Desert Land Trust
Joshua Tree, California

Report on Financial Statements

We have audited the accompanying statement of financial position of The California Desert Land Conservancy dba Mojave Desert Land Trust as of December 31, 2013, and the related statement of activities and changes in net assets, and the statement of 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 auditors' 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Continued

INDEPENDENT AUDITORS' REPORT – Continued

Auditors' Responsibility - Continued

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 The California Desert Land Conservancy dba Mojave Desert Land Trust as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

COPY

Palm Desert, California
October 23, 2014

THE CALIFORNIA DESERT LAND CONSERVANCY
DBA MOJAVE DESERT LAND TRUST

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

	Unrestricted Fund	Temporarily Restricted Fund	Permanently Restricted Fund	Total All Funds
ASSETS				
Cash and cash equivalents	\$ 53,591	\$ 788,381	\$ 3,117	\$ 845,089
Grants receivable	-	249,508	-	249,508
Accrued interest receivable	-	3,756	-	3,756
U.S. Treasury Securities	-	440,430	596,883	1,037,313
Property and equipment	4,633	-	-	4,633
Other assets	3,500	-	-	3,500
Assets held in trust - land	13,314,497	-	-	13,314,497
	<u>\$ 13,376,221</u>	<u>\$ 1,482,075</u>	<u>\$ 600,000</u>	<u>\$ 15,458,296</u>
Total assets	<u>\$ 13,376,221</u>	<u>\$ 1,482,075</u>	<u>\$ 600,000</u>	<u>\$ 15,458,296</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 13,971	\$ -	\$ -	\$ 13,971
	<u>13,971</u>	<u>-</u>	<u>-</u>	<u>13,971</u>
Total liabilities	<u>13,971</u>	<u>-</u>	<u>-</u>	<u>13,971</u>
Total net assets	<u>13,362,250</u>	<u>1,482,075</u>	<u>600,000</u>	<u>15,444,325</u>
Total liabilities and net assets	<u>\$ 13,376,221</u>	<u>\$ 1,482,075</u>	<u>\$ 600,000</u>	<u>\$ 15,458,296</u>

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

THE CALIFORNIA DESERT LAND CONSERVANCY
DBA MOJAVE DESERT LAND TRUST

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted Fund</u>	<u>Temporarily Restricted Fund</u>	<u>Permanently Restricted Fund</u>	<u>Total All Funds</u>
REVENUE AND SUPPORT				
Membership, donations and grants	\$ 139,627	\$ 1,989,000	\$ -	\$ 2,128,627
Investment earnings	844	27,375	-	28,219
Loss on sale of land	(314,676)	-	-	(314,676)
Other income	7,904	-	-	7,904
	<u>(166,301)</u>	<u>2,016,375</u>	<u>-</u>	<u>1,850,074</u>
EXPENDITURES				
Wages and benefits	219,127	-	-	219,127
Professional fees	573,134	-	-	573,134
Telephone and internet	3,551	-	-	3,551
Insurance	16,722	-	-	16,722
Conference and travel	17,417	-	-	17,417
Printing and postage	13,448	-	-	13,448
Depreciation	1,535	-	-	1,535
Maintenance	15,642	-	-	15,642
Office expense	4,850	-	-	4,850
Advertising	7,444	-	-	7,444
Property taxes	66,396	-	-	66,396
Donation - National Park Service	699,032	-	-	699,032
Donation - other organizations	56,720	-	-	56,720
Rent	24,791	-	-	24,791
Other	75,873	-	-	75,873
	<u>1,795,682</u>	<u>-</u>	<u>-</u>	<u>1,795,682</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS				
	(1,961,983)	2,016,375	-	54,392
TRANSFERS				
	<u>2,561,567</u>	<u>(2,561,567)</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS				
	599,584	(545,192)	-	54,392
NET ASSETS, beginning of year				
	<u>12,762,666</u>	<u>2,027,267</u>	<u>600,000</u>	<u>15,389,933</u>
NET ASSETS, end of year				
	<u>\$ 13,362,250</u>	<u>\$ 1,482,075</u>	<u>\$ 600,000</u>	<u>\$ 15,444,325</u>

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

THE CALIFORNIA DESERT LAND CONSERVANCY
DBA MOJAVE DESERT LAND TRUST

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	<u>\$ 54,392</u>
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Cost of land sold	1,126,024
Donations of land	755,032
Purchases of land	(2,461,249)
Depreciation	1,535
Bond amortization	(472)
(Increase) decrease in assets:	
Grants receivable	441,408
Other assets	5,156
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	<u>1,478</u>
Total adjustments	<u>(131,088)</u>
Net cash used by operating activities	<u>(76,696)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	(1,067)
U.S. Treasury Securities sold	2,494,164
U.S. Treasury Securities purchased	<u>(2,331,569)</u>
Net cash provided by investing activities	<u>161,528</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	84,832
CASH AND CASH EQUIVALENTS, beginning of year	<u>760,257</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 845,089</u></u>

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

THE CALIFORNIA DESERT LAND CONSERVANCY
DBA MOJAVE DESERT LAND TRUST

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Organization

The California Desert Land Conservancy dba Mojave Desert Land Trust (the Organization) is a California nonprofit, public benefit corporation formed in June 2005. It was incorporated in California under the name The California Desert Land Conservancy and is doing business under the name Mojave Desert Land Trust. The Organization's specific purpose is to provide assistance to the National Park Service, Bureau of Land Management, local military bases and regional communities to preserve open spaces, secure wildlife corridors, and preserve scenic and cultural resources in the Morongo Basin and Mojave Desert areas. Protection of these resources will be through the acquisition of lands within, between and around existing parks, preserves and wilderness areas and through community education of the desert's unique and fragile ecosystem. The Organization has received the majority of its funding from grants obtained from the Resources Legacy Fund Foundation, supplemented by direct public support from the Morongo Basin communities and membership donations.

Board members are elected for a one-year term. The Board of Directors and their titles as of the year ended December 31, 2013 are:

<u>Name</u>	<u>Position/Title</u>
Curt Sauer	President
Bonnie Kopp	Vice President
Jane Smith	Treasurer
John M. Simpson	Secretary
Buford Crites	Director
Owen Gillick	Director
Mickey Luckman	Director
Kelly Herbinson	Director

Accounting Policies and Procedures

The accounting policies and procedures used by the Organization are those recommended in the *Land Trust Standards and Practices* developed by the Land Trust Alliance to create ethical and technical guidelines for the responsible operation of a land trust.

Continued

THE CALIFORNIA DESERT LAND CONSERVANCY
DBA MOJAVE DESERT LAND TRUST

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Method

The financial records of the Organization are maintained and the financial statements are prepared on the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Basis of Presentation

To assure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been reported by fund group. The Organization is required to report information regarding its financial position and activities according to three classes of fund groups (net assets) as follows:

Unrestricted Fund

The Unrestricted Funds represent all resources over which the Board of Directors has discretionary control for use in operating the Organization, as well as all property, plant and equipment of the Organization.

Temporarily Restricted Fund

The Temporarily Restricted Funds represent those resources that are received with temporary stipulations that limit the use of the assets. When a restriction expires, that is, the purpose of the restriction is accomplished, 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 Fund

The Permanently Restricted Fund represents funds that are subject to permanent restriction by the donor requiring that the principal be invested and only the income be used for operations.

Continued

THE CALIFORNIA DESERT LAND CONSERVANCY
DBA MOJAVE DESERT LAND TRUST

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges Receivable and Promises to Give

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through October 23, 2014 the date on which the financial statements were available to be issued.

Cash and Cash Equivalents

For purposes of financial statement reporting, the Organization considers all highly liquid investments with a maturity of three months or less to be considered cash equivalents.

Donated Services and Noncash Assets

A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fund raising activities. The value of the contributed time is not measurable and accordingly, is not reflected in the accompanying financial statements. Contributions of donated noncash assets are recorded at their fair values in the period received.

Property and Equipment

Property and equipment are carried at cost, or, in the case of donated assets, at market value on the date of donation and are depreciated using the straight-line method based on the estimated useful lives of the various classes of assets ranging from 5 to 7 years. Expenditures for maintenance and repairs are charged to operations as incurred.

Continued

THE CALIFORNIA DESERT LAND CONSERVANCY
DBA MOJAVE DESERT LAND TRUST

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, and as such, no provision has been made in the financial statements for income taxes.

The Organization's evaluation has revealed no uncertain tax positions that would have a material impact on the financial statements. The 2010 through 2012 tax years remain subject to examination by the IRS. In addition, the 2009 through 2012 tax years remain subject to examination by the State of California. The Organization does not believe that any reasonably possible changes will occur that will have a material impact on the financial statements.

NOTE 1: GRANTS RECEIVABLE

Grants receivable at December 31, 2013, are entirely from the Resources Legacy Fund Foundation and consist of \$249,508 designated for land purchases.

NOTE 2: U.S. TREASURY SECURITIES

The U.S. Treasury Securities are classified as held-to-maturity and are carried to amortized cost of \$1,037,313. At December 31, 2013, the aggregate fair value was \$1,111,186 and gross unrecognized gain was \$73,873.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2013 consist of:

Furniture, fixtures and equipment	\$ 17,236
Less accumulated depreciation	<u>(12,603)</u>
	<u>\$ 4,633</u>

NOTE 4: ASSETS HELD IN TRUST - LAND

Assets held in trust at December 31, 2013, are valued at a cost of \$13,314,497, and are comprised primarily of grant funded land acquisitions. Unless approved by the grantor in advance, lands purchased with grant funds must be preserved and will not be sold.

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THE CALIFORNIA DESERT LAND CONSERVANCY
DBA MOJAVE DESERT LAND TRUST

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 5: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist primarily of temporary cash investments on deposit at two financial institutions. The Organization, at and periodically throughout the year ended December 31, 2013, has maintained cash balances in excess of federally insured limits. At the highest point during the year ended December 31, 2013, the credit risk was approximately \$1,495,000.

The Organization receives substantial financial support from the Resources Legacy Fund Foundation ("RLFF"). For the year ended December 31, 2013, RLFF accounted for \$1,679,000 of the \$2,128,627 total membership, donations and grants revenue.

NOTE 6: ENDOWMENT FUND

An endowment fund of \$600,000 has been established by a grant from Resources Legacy Fund Foundation. Per the terms of the grant, the Organization must hold all of the funds in a permanent, non-wasting endowment fund, and is permitted to use the income for the purpose of supporting, monitoring and enforcement in perpetuity of lands transferred to the National Park Service. The funds must be held in an interest bearing account or invested in a manner that the Organization deems reasonably prudent. The Endowment Fund, which consists primarily of U.S. Treasury securities, is reflected as a permanently restricted fund in the Statement of Financial Position, and the Statement of Activities and Changes in Net Assets. The endowment fund is subject to the provisions of the Uniform Prudent Management of Institutional Funds Act, as adopted by the State of California.

NOTE 7: OPERATING LEASE

In October 2010, the organization entered into a long-term lease agreement for office space. The lease term began January 1, 2011 and expired December 31, 2013. The Organization is currently on a month-to-month lease which may be terminated by either party by giving written notice at least 30 days prior to the intended termination date.