THE CALIFORNIA DESERT LAND CONSERVANCY

Financial Statements

&

Independent Auditors’ Report
December 31, 2015
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INDEPENDENT AUDITORS’ REPORT

The Board of Directors
The California Desert Land Conservancy
dba Mojave Desert Land Trust

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, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
The Board of Directors
The California Desert Land Conservancy
dba Mojave Desert Land Trust

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, 2015, and the changes in its nets assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Messner & Hadley, LLP
Certified Public Accountants

Victorville, California
June 13, 2016
THE CALIFORNIA DESERT LAND CONSERVANCY
DBA Mojave Desert Land Trust

Statement of Financial Position
December 31, 2015

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Unrestricted Fund</th>
<th>Temporarily Restricted Fund</th>
<th>Permanently Restricted Fund</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$702,924</td>
<td>$4,548,595</td>
<td>$159,669</td>
<td>$5,411,188</td>
</tr>
<tr>
<td>Grants receivable</td>
<td>273,796</td>
<td>40,041</td>
<td>-</td>
<td>313,837</td>
</tr>
<tr>
<td>Other receivable</td>
<td>488</td>
<td>-</td>
<td>-</td>
<td>488</td>
</tr>
<tr>
<td>Investments</td>
<td>609,249</td>
<td>353,070</td>
<td>2,758,386</td>
<td>3,720,705</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>926,347</td>
<td>-</td>
<td>-</td>
<td>926,347</td>
</tr>
<tr>
<td>Other assets</td>
<td>51,216</td>
<td>-</td>
<td>-</td>
<td>51,216</td>
</tr>
<tr>
<td>Assets held in trust - land</td>
<td>12,695,653</td>
<td>-</td>
<td>-</td>
<td>12,695,653</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$15,259,673</strong></td>
<td><strong>$4,941,706</strong></td>
<td><strong>$2,918,055</strong></td>
<td><strong>$23,119,434</strong></td>
</tr>
</tbody>
</table>

| LIABILITIES AND NET ASSETS          |                   |                             |                             |                 |
| Accounts payable                    | $17,176           | $-                          | $-                          | $17,176         |
| Long-term debt                      | 1,090,000         | -                           | -                           | 1,090,000       |
| **TOTAL LIABILITIES**               | **1,107,176**     | -                           | -                           | **1,107,176**   |

| NET ASSETS                          |                   |                             |                             |                 |
| Net assets                          | 14,152,497        | 4,941,706                   | 2,918,055                   | 22,012,258      |

| **TOTAL LIABILITIES AND NET ASSETS**| **$15,259,673**   | **$4,941,706**              | **$2,918,055**              | **$23,119,434** |

The accompanying notes are an integral part of these statements.
# THE CALIFORNIA DESERT LAND CONSERVANCY
## DBA Mojave Desert Land Trust

**Statement of Activities and Changes in Net Assets**  
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th>Source of Revenue</th>
<th>Unrestricted Fund</th>
<th>Temporarily Restricted Fund</th>
<th>Permanently Restricted Fund</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership, donations and grants</td>
<td>$287,739</td>
<td>$2,510,933</td>
<td>-</td>
<td>$2,798,672</td>
</tr>
<tr>
<td>Dividends and interest income</td>
<td>1,217</td>
<td>12,275</td>
<td>57,029</td>
<td>70,521</td>
</tr>
<tr>
<td>Realized and unrealized loss on investments</td>
<td>98,293</td>
<td>(33,841)</td>
<td>(139,018)</td>
<td>(74,566)</td>
</tr>
<tr>
<td>Gain (loss) on sale of land</td>
<td>(87,740)</td>
<td>-</td>
<td>-</td>
<td>(87,740)</td>
</tr>
<tr>
<td>Other income</td>
<td>9,550</td>
<td>-</td>
<td>-</td>
<td>9,550</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>309,059</td>
<td>2,489,367</td>
<td>(81,989)</td>
<td>2,716,437</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Unrestricted Fund</th>
<th>Temporarily Restricted Fund</th>
<th>Permanently Restricted Fund</th>
<th>Total All Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program expenses</td>
<td>996,186</td>
<td>-</td>
<td>-</td>
<td>996,186</td>
</tr>
<tr>
<td>Fundraising</td>
<td>32,886</td>
<td>-</td>
<td>-</td>
<td>32,886</td>
</tr>
<tr>
<td>General and administrative</td>
<td>367,122</td>
<td>-</td>
<td>-</td>
<td>367,122</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURES</strong></td>
<td>1,396,194</td>
<td>-</td>
<td>-</td>
<td>1,396,194</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase (Decrease) in Net Assets</th>
<th>Before Transfers</th>
<th>Transfers</th>
<th>After Transfers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCREASE (DECREASE) IN NET ASSETS</strong></td>
<td>(1,087,135)</td>
<td>(65,941)</td>
<td>(1,153,076)</td>
</tr>
<tr>
<td><strong>NET ASSETS AT BEGINNING OF YEAR</strong></td>
<td>15,305,573</td>
<td>2,381,506</td>
<td>3,004,936</td>
</tr>
<tr>
<td><strong>NET ASSETS AT END OF YEAR</strong></td>
<td>$14,152,497</td>
<td>$4,941,706</td>
<td>$2,918,055</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
THE CALIFORNIA DESERT LAND CONSERVANCY
DBA Mojave Desert Land Trust

Statement of Functional Expenses
For the Year Ended December 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Fundraising</th>
<th>General and Administrative</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>$</td>
<td>-</td>
<td>$35,774</td>
<td>$35,774</td>
</tr>
<tr>
<td>Advertising</td>
<td>-</td>
<td>-</td>
<td>11,345</td>
<td>11,345</td>
</tr>
<tr>
<td>Automobile costs</td>
<td>11,661</td>
<td>-</td>
<td>1,753</td>
<td>13,414</td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>-</td>
<td>1,433</td>
<td>1,433</td>
</tr>
<tr>
<td>Depreciation</td>
<td>34,473</td>
<td>-</td>
<td>-</td>
<td>34,473</td>
</tr>
<tr>
<td>Dues and memberships</td>
<td>1,039</td>
<td>-</td>
<td>6,612</td>
<td>7,651</td>
</tr>
<tr>
<td>Insurance</td>
<td>8,116</td>
<td>-</td>
<td>4,508</td>
<td>12,624</td>
</tr>
<tr>
<td>Land conveyed</td>
<td>14,962</td>
<td>-</td>
<td>-</td>
<td>14,962</td>
</tr>
<tr>
<td>Office</td>
<td>26,211</td>
<td>-</td>
<td>1,897</td>
<td>28,108</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>32,886</td>
<td>35,119</td>
<td>68,005</td>
</tr>
<tr>
<td>Other land related costs</td>
<td>206,027</td>
<td>-</td>
<td>-</td>
<td>206,027</td>
</tr>
<tr>
<td>Postage and delivery</td>
<td>8,742</td>
<td>-</td>
<td>1,638</td>
<td>10,380</td>
</tr>
<tr>
<td>Printing</td>
<td>306</td>
<td>-</td>
<td>1,125</td>
<td>1,431</td>
</tr>
<tr>
<td>Professional fees</td>
<td>342,572</td>
<td>-</td>
<td>99,635</td>
<td>442,207</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>-</td>
<td>-</td>
<td>7,492</td>
<td>7,492</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>278,068</td>
<td>-</td>
<td>133,013</td>
<td>411,081</td>
</tr>
<tr>
<td>Software</td>
<td>5,537</td>
<td>-</td>
<td>4,207</td>
<td>9,744</td>
</tr>
<tr>
<td>Telephone</td>
<td>-</td>
<td>-</td>
<td>12,953</td>
<td>12,953</td>
</tr>
<tr>
<td>Tools and supplies</td>
<td>30,115</td>
<td>-</td>
<td>-</td>
<td>30,115</td>
</tr>
<tr>
<td>Training</td>
<td>1,335</td>
<td>-</td>
<td>200</td>
<td>1,535</td>
</tr>
<tr>
<td>Travel</td>
<td>27,022</td>
<td>-</td>
<td>(4,396)</td>
<td>22,626</td>
</tr>
<tr>
<td>Utilities</td>
<td>-</td>
<td>-</td>
<td>12,814</td>
<td>12,814</td>
</tr>
<tr>
<td>Totals</td>
<td>$996,186</td>
<td>$32,886</td>
<td>$367,122</td>
<td>$1,396,194</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
THE CALIFORNIA DESERT LAND CONSERVANCY
DBA Mojave Desert Land Trust

Statement of Cash Flows
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets $ 1,320,243

Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:

  Loss on sale of land 87,740
  Depreciation 34,473
  Net realized and unrealized investment gain 74,567

(Increases) Decreases in Assets:

  Grants receivable 556,334
  Other assets 3,756

Increase (Decrease) in Liabilities:

  Accounts Payable and accrued liabilities (3,480)

Net Cash Provided By (Used In) Operating Activities 2,073,633

CASH FLOWS FROM INVESTING ACTIVITIES

  Capital expenditures (933,531)
  Proceeds from sale of land 6,027,465
  Purchases of land (4,505,386)
  Investments sold 340,696
  Investments purchased (230,231)

Total Cash Provided By (Used In) Investing Activities 699,013

CASH FLOWS FROM FINANCING ACTIVITIES

  Borrowings on long-term debt 1,090,000

Total Cash Provided By (Used In) Financing Activities 1,090,000

NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS 3,862,646

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,548,543

CASH AND CASH EQUIVALENTS AT END OF YEAR $ 5,411,189

  Cash paid for interest $ -
  Cash paid for taxes $ -

The accompanying notes are an integral part of these statements.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The California Desert Land Conservancy, dba Mojave Desert Land Trust, (the “Organization”) is a California nonprofit 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 The California Desert Land Trust.

Purpose of Organization

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, 2015, are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position / Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bob Zimmerman</td>
<td>President</td>
</tr>
<tr>
<td>Kelly Herbinson</td>
<td>Vice-President</td>
</tr>
<tr>
<td>John Simpson</td>
<td>Treasurer</td>
</tr>
<tr>
<td>Bonnie Kopp</td>
<td>Secretary</td>
</tr>
<tr>
<td>Jane Smith</td>
<td>Director</td>
</tr>
<tr>
<td>Buford Crites</td>
<td>Director</td>
</tr>
<tr>
<td>Owen Gillick</td>
<td>Director</td>
</tr>
<tr>
<td>Mickey Luckman</td>
<td>Director</td>
</tr>
<tr>
<td>David Carpenter</td>
<td>Director</td>
</tr>
<tr>
<td>Robin Helmlinger</td>
<td>Director</td>
</tr>
</tbody>
</table>

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.

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 are “measurable and available”. Measurable means the amount can be determined. Available means collectible 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.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Net Assets** – 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 Net Assets** – 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 Net Assets** – The Permanently Restricted Funds represent funds that are subject to permanent restriction by the donor requiring that the principal be invested and only the income be used for operations.

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.

Investments

The Organization’s method of accounting for investments is the fair value method. Fair value is determined by published quotes when they are readily available. Adjustments to fair values are included in the accompanying statement of financial position and statement of activities.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In accordance with FASB ASC Topic 958-605, Accounting for Contributions Received and Contributions Made, contributions received by the Organization are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized as revenues in the period unconditional promises to give are received by the Organization. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using the risk-free rate as of the date the unconditional promise to give was received by the Organization. Amortization of discounts is recorded as additional contributions in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible receivables is provided based upon management’s judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity. Amounts deemed by management to be uncollectible are charged to expenses. Recoveries on receivables previously charged-off are credited to expenses.

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.

Income Taxes

The Organization, pursuant to a determination letter from the Internal Revenue Service, is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing services have been summarized on the statement of functional expenses. Certain costs and expenditures have been allocated between program and supporting services based on management’s estimates.
NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all funds in banks (checking and savings). The components of cash and cash equivalents are as follows at December 31, 2015:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking accounts</td>
<td>$4,620,476</td>
</tr>
<tr>
<td>Savings accounts</td>
<td>59,115</td>
</tr>
<tr>
<td>Money market funds</td>
<td>245,951</td>
</tr>
<tr>
<td>PayPal</td>
<td>24,929</td>
</tr>
<tr>
<td>Cash with fiscal sponsor</td>
<td>460,091</td>
</tr>
<tr>
<td>Petty cash</td>
<td>626</td>
</tr>
<tr>
<td><strong>Total cash and equivalents</strong></td>
<td><strong>$5,411,188</strong></td>
</tr>
</tbody>
</table>

NOTE 3 – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements*, provides a framework for measuring fair value. FASB ASC Topic 820 also establishes a fair value hierarchy that distinguishes between inputs based on market data from independent sources (observable inputs) and a reporting entity’s internal assumptions based upon the best information available when external market data is limited or unavailable (unobservable inputs).

The fair value hierarchy in FASB ASC Topic 820 prioritizes fair value measurements into three levels based on the nature of the inputs. The three levels of the fair value hierarchy under FASB ASC Topic 820 are as follows:

**Level 1** – Investments in this category are valued based on quoted prices in active markets for identical assets that are accessible at the measurement date. An active market is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2** – Investments in this category are value based on inputs, in the absence of activity quoted market prices, which are observable for the asset, either directly or indirectly. Level 2 inputs include: (a) quoted prices for similar assets in active markets; (b) quoted prices for identical or similar assets in markets that are not active; (c) inputs other than quoted prices that are observable for the asset such as interest rates and yield curves observable at commonly quoted intervals; and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** – Investments in this category are valued based on unobservable inputs for asset. Unobservable inputs are used to the extent observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.
NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Fair value of assets measured on a recurring basis, at December 31, 2015, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Fair Value</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$ 10,443</td>
<td>$ 10,443</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies</td>
<td>620,000</td>
<td>-</td>
<td>620,000</td>
<td>-</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>149,410</td>
<td>149,410</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>2,940,852</td>
<td>2,940,852</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,720,705</strong></td>
<td><strong>$3,100,705</strong></td>
<td><strong>$620,000</strong></td>
<td><strong>$0</strong></td>
</tr>
</tbody>
</table>

NOTE 4 – GRANTS RECEIVABLE

A significant portion of grants receivable, at December 31, 2015, are from the Resources Legacy Fund Foundation and consist of funds designated for land purchases.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, at December 31, 2015, consist of the following:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$ 920,789</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>17,808</td>
</tr>
<tr>
<td>Automobiles</td>
<td>34,826</td>
</tr>
</tbody>
</table>
| Subtotal                           |![](https://www.californiadesertlandconservancy.org/)

During 2015, the Organization purchased two adjacent buildings in Joshua Tree, California. The buildings house the Organization’s headquarters as well as a demonstration garden. The buildings are both secured by deeds of trust.

NOTE 6 – ASSETS HELD IN TRUST – LAND

Assets held in trust, at December 31, 2015, are valued at a cost of $12,695,653 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.
NOTE 7 – NOTES PAYABLE

Long-term obligations consist of the following:

**The Conservation Fund** - Due October, 2018, including principal and interest at 80% of Prime Rate, currently at 2.6%, secured by a 470.2 acre parcel of land located in San Bernardino County, California $ 175,000

**The Conservation Fund** - Due October, 2018, including principal and interest at 80% of Prime Rate, currently at 2.6%, secured by a 286.36 acre parcel of land located in San Bernardino County, California 140,000

**The Conservation Fund** - Due February, 2018, including principal and interest at 3.25%, secured by building and land located in Joshua Tree, California. 500,000

**Hannah Family Trust** - Due February, 2019, payable in annual installments of $50,000, including interest at 0.00%, secured by building and land located in Joshua Tree, California 275,000

Total long-term debt 1,090,000

Less: current portion (50,000)

LONG-TERM DEBT $ 1,040,000

Maturities of long-term debt are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>2017</td>
<td>50,000</td>
</tr>
<tr>
<td>2018</td>
<td>865,000</td>
</tr>
<tr>
<td>2019</td>
<td>125,000</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,090,000</strong></td>
</tr>
</tbody>
</table>

NOTE 7 – CONCENTRATIONS

Financial instruments that potentially subject the Organization to credit risk consist primarily of temporary cash investments on deposit at various financial institutions. At December 31, 2015, the Organization had cash balances in excess of federally insured limits of $4,274,379.

The Organization received substantial financial support from the Resources Legacy Fund Foundation and Defenders of Wildlife. For the year ended December 31, 2015, the Resources Legacy Fund Foundation accounted for $800,000, and Defenders of Wildlife accounted for $1,000,000 of the $2,798,672 total membership, donations, and grants revenue.
NOTE 8 – ENDOWMENT FUND

An Endowment Fund has been established by grants from the Resources Legacy Fund Foundation and NextEra Energy Resources, LLC. Per the terms of the grants, 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 9 – SUBSEQUENT EVENTS

In compliance with ASC 855, “Subsequent Events”, the Foundation has evaluated subsequent events through June 13, 2016, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.