THE BELWIN CONSERVANCY

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Belwin Conservancy
St. Louis Park, Minnesota

We have audited the accompanying consolidated financial statements of The Belwin Conservancy (a nonprofit organization) and an affiliate, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Belwin Conservancy and an affiliate as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information shown on pages 23 and 24 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mahoney Ulbrich
Christiansen Russ P.A.

Saint Paul, Minnesota
September 19, 2016

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash	$ 84,820	$ 81,754
Cash - capital reserve for LWBAF	16,359	7,470
Contributions receivable	9,711	6,545
Grant receivable	-	8,394
Receivable from affiliate	2,666	124
Investments	12,024,949	12,314,130
Land and conservation easements	9,204,710	9,204,710
Buildings and equipment, net	1,298,925	1,281,559
Endowment investments	127,276	128,753
	$ 22,769,416	$ 23,033,439
LIABILITIES AND NET ASSETS		
Accounts payable	$ 4,028	$ 6,054
Accrued payroll	16,321	14,968
Note payable	-	4,700
Solar energy system acquisition obligation	62,773	-
Conditional contribution	1,499,973	1,524,973
Total liabilities	1,583,095	1,550,695
Net assets:		
Board designated	9,123,116	9,477,403
Unrestricted	1,240,096	1,331,457
Total unrestricted net assets	10,363,212	10,808,860
Temporarily restricted	593,250	534,131
Permanently restricted	10,229,859	10,139,753
Total net assets	21,186,321	21,482,744
	$ 22,769,416	$ 23,033,439

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2015 and 2014

	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and support:				
Contributions	$ 231,447	$ 35,000	$ 90,106	$ 356,553
Net assets released upon satisfaction of time and program restrictions	31,670	(31,670)	-	-
In-kind services	12,712	-	-	12,712
Government grants	58,039	-	-	58,039
Investment income (loss)	(48,177)	(1,477)	-	(49,654)
Facility user fees and rent income	106,870	-	-	106,870
Total revenues and support	392,561	1,853	90,106	484,520
Expenses:				
Program services:				
Environmental	293,627	-	-	293,627
Art, science and nature	107,955	-	-	107,955
Recreation	128,697	-	-	128,697
	530,279	-	-	530,279
Management and general	188,287	-	-	188,287
Fundraising	119,643	-	-	119,643
Total expenses	838,209	-	-	838,209
Change in net assets before contribution for capital improvements	(445,648)	1,853	90,106	(353,689)
Contributions for capital improvements	-	57,266	-	57,266
Change in net assets	(445,648)	59,119	90,106	(296,423)
Net assets, beginning of year	10,808,860	534,131	10,139,753	21,482,744
Net assets, end of year	$ 10,363,212	$ 593,250	$ 10,229,859	$ 21,186,321

	2014			
Revenues and support:				
Contributions	$ 292,627	$ -	$ 90,106	$ 382,733
Net assets released upon satisfaction of time and program restrictions	26,000	(26,000)	-	-
In-kind services	11,262	-	-	11,262
Government grants	81,535	-	-	81,535
Investment income	288,150	3,456	-	291,606
Facility user fees and rent income	100,380	-	-	100,380
Total revenues and support	799,954	(22,544)	90,106	867,516
Expenses:				
Program services:				
Environmental	290,840	-	-	290,840
Art, science and nature	82,821	-	-	82,821
Recreation	117,205	-	-	117,205
	490,866	-	-	490,866
Management and general	145,330	-	-	145,330
Fundraising	171,583	-	-	171,583
Total expenses	807,779	-	-	807,779
Change in net assets	(7,825)	(22,544)	90,106	59,737
Net assets, beginning of year	10,816,685	556,675	10,049,647	21,423,007
Net assets, end of year	$ 10,808,860	$ 534,131	$ 10,139,753	$ 21,482,744

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

Increase (Decrease) in Cash

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (296,423)	$ 59,737
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	105,472	108,096
Reinvested investment income	(434,756)	(884,185)
Realized/unrealized loss on investments	891,532	592,579
Contributions restricted for land purchases	(90,106)	(90,106)
Contribution restricted for buildings and equipment	(57,266)	(30,000)
Conditional contribution recognized	(25,000)	(13,284)
Changes in operating assets and liabilities:		
Contributions receivable	(3,166)	(5,545)
Grant receivable	8,394	48,556
Receivable from affiliate	(2,542)	(79)
Accounts payable and accrued expenses	(674)	7,314
Net cash from operating activities	95,465	(206,917)
Cash flows from investing activities:		
Deposits to reserve for LWBAF, net	(8,889)	(7,470)
Payments for buildings and equipment	(59,081)	(141,100)
Sale of investments	1,929,351	334,094
Purchase of investments	(2,095,469)	(81,739)
Net cash from investing activities	(234,088)	103,785
Cash flows from financing activities:		
Contributions restricted for land purchases	90,106	90,106
Contributions restricted for buildings and equipment	57,266	30,000
Principal payments on note payable	(4,700)	(4,800)
Payments for solar energy system	(984)	-
Net cash from financing activities	141,688	115,306
Net increase in cash	3,066	12,174
Cash, beginning of year	81,754	69,580
Cash, end of year	$ 84,820	$ 81,754
Supplemental cash flow information:		
Noncash investing and financing activities:		
Liability assumed to acquire solar energy system	$ 63,757	$ -

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

The Belwin Conservancy (Belwin) is a nonprofit organization that is dedicated to preservation, restoration and appreciation of our natural world. It owns approximately 1,400 acres of land in Afton, West Lakeland Township and Lakeland, Minnesota. Belwin comprises one of the largest privately owned nature preserves in the Twin Cities region with a focus on connecting people and the natural world.

Belwin does its work in a number of ways including:

Environmental -

Ecological Restoration: Belwin has a very active program of ecological restoration dating back to the early 1970's when it was a pioneer in prairie restoration. Its activities have expanded to restoration of many different types of habitats and species over the years. It has major investments in equipment allowing it to engage in large scale restoration efforts.

Environmental Education: Belwin's primary focus in Environmental Education is through a cooperative program with the St. Paul Public School District where it provides and maintains 225 acres with trails and buildings to support a program that is designed and run by the District. The program focus is on 3rd and 5th grade students from the District although the facilities are also used on a limited basis by other schools and ages. This successful program began in 1971.

Bison: Belwin has approximately 190 acres of its restored prairie in fenced pasture for bison and provides observation overlooks as well as close up tours of the herd to the public. Since Belwin is located just 15 miles from downtown St. Paul, this allows a very unique experience to an urban population. It also monitors the prairie utilized by the bison and compares it to prairie not grazed to understand the impact this native but extirpated species has on its environment.

Ecological Research: Belwin makes its property available for ecological research which has taken many forms over the years. Studying bison grazing behavior, the discovery of a species of cranefly new to science, and migrating bird censuses have all benefited from the use of Belwin's property for research. Because Belwin is a private nonprofit organization, it can often accommodate research requests not possible on public land. Additionally, its unique natural attributes and proximity to the Twin Cities make it convenient for researchers to access.

Land Acquisition: Belwin has had a very active land acquisition program since 1986 when it owned just 225 acres. While it has acquired the majority of available property in its area that is undeveloped, it continues to look at opportunities on its borders that would benefit from protection resulting from fee or conservation easement acquisition.

(Continued)

1. **ORGANIZATION (Continued)**

Observatory: Belwin has partnered with the Minnesota Astronomical Society in creating the Joseph J. Casby Observatory located next to The Belwin Outdoor Science Education Center. The observatory permanently houses an eight foot long 10" TMB Apochromatic Refracting Telescope - one of the finest in the state. Programs using the observatory are run by the Astronomical Society.

Art, (Science) and Nature: Belwin provides high quality, diverse art (and science) programming, both participatory and observatory that will in all cases include an environmental message that leaves participants delighted with the experience and enlightened to environmental issues.

Recreation - Belwin offers the community two types of recreational facilities:

The Lucy Winton Bell Athletic Fields (LWBAF) with soccer, baseball and football fields covers 50 acres. It is operated primarily for children participating in the programs run by the St. Croix Soccer Club and St. Croix Valley Athletic Association. The high quality fields were opened in 1999 after local community leaders asked Belwin to participate in providing facilities that were not otherwise available in the community.

Passive hiking trails are available to the public and maintained by Belwin in numerous places on its property including adjacent to the Lucy Winton Bell Athletic Fields.

The primary funding sources for Belwin's programs are private contributions, government grants, user fees and investment income. During 2011, the Belwin Supporting Fund (the Fund), a Minnesota nonprofit corporation, was formed. The Fund, affiliated with the Belwin Conservancy through common control, was formed for the purpose of holding, managing and disposing of all current cash and investment holdings that were contributed to Belwin by any descendants of James Ford Bell.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation - The consolidated financial statements include the accounts of Belwin Conservancy (the Conservancy) and its affiliated supporting organization, Belwin Supporting Fund (the Fund), collectively called Belwin. Inter-entity transactions and balances have been eliminated in consolidation.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation - Belwin reports information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that the donor has stipulated must be maintained in perpetuity, and include land and easements to be held in perpetuity as well as contributions restricted for acquisition of land and easements.

Contribution Revenue Recognition - Contributions are recognized when the donor makes an unconditional promise to give to Belwin. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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 or is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets.

The conditional contribution was recorded as a liability upon collection and is recognized as revenue when the conditions have been satisfied.

Cash Equivalents - Belwin considers all highly liquid investments with an original maturity of three months or less, except cash held in brokerage accounts and cash restricted for LWBAF, to be cash equivalents.

Functional Expenses - Expenses have been allocated between program and supporting service classifications based upon direct expenditures and estimates made by Belwin's management.

Investments - Investments are recorded at their fair values. Investment earnings and unrealized gains and losses are included in the change in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. When investments are sold, cost is determined using specific identification. Marketable securities contributed by donors are recorded at fair market value at the time of the contribution.

Buildings and Equipment - Buildings and equipment are carried at cost and depreciated over the estimated useful life of the assets using the straight-line method. Expenditures in excess of $1,000 are capitalized. Buildings are depreciated over 40 years, improvements are depreciated over 5 - 40 years, and equipment is depreciated over 3 - 7 years. Significant improvements and betterments that extend the life of the asset are capitalized. Maintenance and repairs are expensed as incurred.

Contributions of cash that must be used for property and equipment are reported as temporarily restricted. Belwin reports expiration of donor restrictions when the acquired assets are placed in service, unless the donor has specified the length of time the item must be used.

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land - Belwin purchases land with the intention of holding it to prevent development, restoring the land, and providing a venue for research and education. Land is recorded at fair market value, if known; otherwise it is recorded at cost. Belwin uses land options to set the purchase price of land it is interested in purchasing in the future. Land options are recorded at cost. If an option is exercised, the cost of the option is added to the purchase price of the land.

Conservation Easements - Belwin believes it is most appropriate to account for the conservation easements as a collection. The conservation easements are recorded at a nominal value of $1 each on the statement of financial position. Conservation easements acquired are reported as expenses on the statement of activities at appraised fair market value. Any difference between the appraised value and cost is recorded as an in-kind contribution. No conservation easements were purchased in 2015 and 2014.

Donated Materials and Services - Donated materials are recorded as contributions at their estimated fair market value in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Belwin received $12,712 and $11,262 of contributed marketing and consulting services in 2015 and 2014, respectively.

Reclassifications - Reclassifications were made to the 2014 financial statements to be consistent with the current year financial statements. These reclassifications did not affect net assets or the change in net assets.

Income Taxes - Belwin is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income from activities that are not related to its exempt purpose. Belwin did not have any unrelated business income in 2015 or 2014. Belwin believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

Recent Accounting Pronouncements - In May 2015 the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-07 ("ASU 2015-07"). ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are measured at net asset value using the practical expedient. ASU 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016, and early adoption is permitted. Belwin early adopted this update and its provisions are reflected in these financial statements.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due within one year.

(Continued)

4. INVESTMENTS

Investments consisted of the following as of December 31:

	2015	2014
Mutual funds:		
U.S. government money market funds	$ 4,102,341	$ 4,805,062
Prime money market	48,302	48,278
Diversified emerging markets	865,430	808,320
Foreign large blend	34,272	35,946
Large blend	44,702	44,529
Exchange traded funds:		
Foreign large blend	991,092	857,844
Common and collective trust funds:		
Large cap index	793,667	206,164
Large cap	1,932,106	2,630,631
Small cap value	311,399	498,249
Small cap growth	307,226	481,770
Partnerships and LLC's invested in:		
Small business venture capital	322,307	316,408
Distressed companies	375,161	175,449
Emerging growth	601,077	354,705
Real estate	616,822	404,847
Municipal trust	436,984	474,576
Multi-sector credit-related assets	219,016	191,001
Healthcare industry	150,321	109,104
Total investments	12,152,225	12,442,883
Endowment investments	(127,276)	(128,753)
Other investments	$12,024,949	$ 12,314,130

Investment income (loss) is summarized as follows:

	2015	2014
Interest and dividend income*	$ 841,878	$ 884,184
Net realized and unrealized gains (losses), net	(891,532)	(592,578)
	$ (49,654)	$ 291,606

*Interest and dividend income includes the return of investments in Partnerships and LLC's because the portion received representing a return of investments has not been determined.

(Continued)

5. FAIR VALUE MEASUREMENTS

Belwin's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Belwin believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly or indirectly, through corroboration with observable market data; and Level 3 inputs have the lowest priority. Belwin uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Belwin measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The fair value of mutual and exchange traded funds is based on quoted net asset values of the shares held by Belwin at year end.

As a practical expedient, the fair value of common and collective trust funds is based on the net asset value of units held by Belwin at year end, as determined by the trustees based on the underlying investments, including guaranteed investment contracts and security-backed contracts which are valued by discounting the related cash flows based on current yields of similar instruments. Redemptions are permitted at unit value at the end of each month.

The trustee seeks to maximize after-tax returns with US equity index exposure and active tax management. Their strategy is to provide a similar pre-tax return to the chosen equities indices - US Large and Mid Cap (Russell 1000 Index); US Small Cap Value (Russell 2000 Value Index); and US Small Cap Growth (Russell 2000 Growth Index). They maximize long term after-tax total returns through active tax management, capital gain or loss realization, aggressive transaction cost management, risk management, and very low management fees.

As a practical expedient, the fair value of investments in partnerships and LLC's is based on the respective net asset value reported by management of each partnership and LLC. Net asset values are determined using valuation methodologies that consider a range of factors in estimating the exit price from the perspective of market participants, including but not limited to the price at which each investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, financial condition, and financing transactions subsequent to the acquisition of the investment.

(Continued)

5. **FAIR VALUE MEASUREMENTS (Continued)**

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value Belwin's investments as of December 31, 2015 and 2014:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2015				
Mutual and exchange traded funds	$ 6,086,139	$ 6,086,139	$ -	$ -
Investments measured at net asset value*	6,066,086			
Total	$ 12,152,225			

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2014				
Mutual and exchange traded funds	$ 6,599,979	$ 6,599,979	$ -	$ -
Investments measured at net asset value*	5,842,904			
Total	$ 12,442,883			

(Continued)

5. **FAIR VALUE MEASUREMENTS (Continued)**

*Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the Statement of Financial Position.

There have been no changes in valuation techniques and related inputs.

The following is a summary of investments in partnerships and LLC's as of December 31, 2015 and 2014 with unfunded commitments at December 31, 2015:

	2015	2014	Unfunded Commitments
Small Business Venture Capital:			
Flag Venture III	$ 3,868	$ 3,868	$ -
Flag Venture IV	15,488	15,488	-
European Secondary Opportunity Fund I	106,958	102,538	9,014
GCM Grosvener Co-Investment Opportunity Fund	195,993	-	138,288
Distressed Companies:			
Wayzata Opportunity Fund	17,003	60,277	-
Wayzata Opportunity Fund II	72,373	115,172	-
Fundamental Partners III	285,785	-	241,508
Emerging Growth:			
Westly Capital Partners	70,709	74,455	-
Westly Capital Partners II	188,235	142,267	72,355
Pine Bridge Structured Capital Partners II	342,133	137,983	47,617
Real Estate:			
JP Morgan Income and Growth Fund	382,442	349,970	-
Harrison Street Real Estate Partners III	192,096	194,514	52,855
Invesco Real Estate Fund I	42,284	54,877	-
Trusts:			
Farmland Trust	223,080	249,612	-
Fundamental Trust	213,904	224,964	54,987
Multi-sector Credit-Related Assets:			
BlackRock Special Credit Opportunities	219,016	191,001	34,151

(Continued)

5. **FAIR VALUE MEASUREMENTS (Continued)**

	2015	2014	Unfunded Commitments
Healthcare Industry:			
Sightline Healthcare Opportunity Fund II	150,321	109,104	70,000
End of Year Fair Value	$ 2,721,688	$ 2,026,090	$ 720,775

Flag Venture Ill was formed to invest in approximately 20 venture capital funds. Each of the funds was to pursue different strategies, investing in portfolios of companies at various business development stages ranging from outright start-up ventures to middle market growth companies. Unfortunately, most of the venture funds that Flag Ill invested in were focused on Info Tech and Communications and suffered the fate of the .com bust. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2016.

Flag Venture IV raised $500 million at the very top of the .com bubble. The underlying funds were rushing funds to the market but fortunately some of the underlying funds were patient with their capital and made investments after the fall of technology valuations. Belwin owns shares in the Pocket Partnership which purchased Flag IV from an existing investor who needed liquidity. Pocket paid 85% of the LPs subscription amount. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2016.

European Secondary Opportunity Fund I was formed to acquire existing participations in private equity funds operating in the European lower mid-market buy-out segment and to take advantage of the fact that certain limited partners are under pressure and are cash constrained and desire to sell their positions. The opportunity is enhanced due to the lack of realizations in existing funds and the continuing decline in valuations as a result of the uncertain economic and financial outlook in Europe. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in April 2022.

GCM Grosvener Co-Investment Opportunity Fund invests directly and indirectly in private companies by making investments alongside select middle-market private equity funds on a co-investment basis. The Fund focuses on North America and Western Europe and opportunistically seeks exposure to other geographies. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in April 2026.

The investment strategy for the Wayzata Opportunity Fund is to be an activist investor purchasing the senior part of the capital structure focusing on secured debt of distressed companies and the underlying physical assets and to control the restructuring process. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2016.

(Continued)

5. **FAIR VALUE MEASUREMENTS (Continued)**

Wayzata Opportunity Fund II has a similar investment strategy to Wayzata Opportunity Fund. This Fund raised in excess of $3 billion in late 2007 and was able to take advantage of some of the financial dislocation that occurred in 2008 and 2009. The Fund has over 50 investments. The largest remaining investment (over 10% of the Fund's value) is Minn Tex Power Holdings which owns the 1000 MW Guadalupe Generating Station, a natural gas-fired power plant near San Antonio, Texas. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2016.

Fundamental Partners Ill targets control-oriented investments in stressed/distressed assets or securities, finance the development or revitalization of community/public purpose assets, and acquire undervalued securities in the secondary market. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in November 2025.

Westly Capital Partners is a $100 million fund, over 20% of which is General Partners' personal investment. The strategy is to invest in companies with proven clean tech technologies and current revenues or in earlier stage companies when they can co-invest with technology leading venture firms. The target sectors for investment are environmental remediation; energy storage; and green building materials. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in May 2018.

Westly Capital Partners II continues with the successful strategy from Fund I and has added a more international focus with a provision that allows the Fund to invest up to 25% in non-US companies. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in July 2021.

The PineBridge Structured Capital Partners II Fund provides subordinated debt and preferred equity to small and middle market companies with less than $500 million of enterprise value. The Fund receives equity upside through common equity, warrants, options and other participation rights. The Fund does not behave like a short-term creditor but rather a constructive business partner to the controlling shareholders of the portfolio companies. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in December 2024.

The JP Morgan US Income and Growth Fund is an actively managed, open-end fund with a levered core real estate strategy. The objective is to produce high income returns, with the potential for capital appreciation. The portfolio is anchored by low-risk, high quality, competitively positioned real estate investments that are well leased and stabilized. The Fund's approach to leverage is highly disciplined. They target a moderate debt level of 50%. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors.

(Continued)

5. **FAIR VALUE MEASUREMENTS (Continued)**

Harrison Street Real Estate Partners III invests in "need-based" sectors of the real estate market with a focus on education, healthcare, and storage. These asset classes include off-campus student housing, medical office buildings, senior housing, self-storage, and boat storage. These sectors have very strong fundamentals with positive demographic trends that are anticipated to continue for the next 20+ years. Returns for these sectors have exceeded those for the traditional real estate sectors primarily because supply is constrained, there is consistent demand, and a strong lender appetite exists for these sectors. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in June 2022.

Invesco Real Estate Fund I invests in value-added real estate opportunities in the US in four specific product types - multi family; industrial; retail; and office properties. Invesco uses a research driven approach to evaluate key economic drivers by property type and market. Their value added strategy focuses on re-tenanting, renovation, repositioning and development. Leverage is expected to be 60% of the market value of investments. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2016.

The Farmland Trust seeks to acquire or lease grain and oilseed properties in geographically diverse regions of Australia and Brazil and generate returns through production and sale of grain and oilseed commodities and potential for capital appreciation of properties acquired. The General Partner, Macquarie Agricultural Funds Management, has over 20 years experience in agricultural markets and global capabilities across agricultural commodities and agricultural research. They have consistently delivered operating profits through scale benefits by aggregating farms and reducing the per unit cost of production. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in October 2021.

The Fundamental Trust was established to invest in Fundamental Trust II, Limited Partnership which was formed to make control-oriented investments in distressed and special situation opportunities within and related to the municipal revenue bond market. The Fund strategy is to find investment opportunities that are secured by assets and specific pledge of revenue from assets, providing downside protection that are typically need-based assets that are critical to the community. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in March 2019.

BlackRock has identified attractive investment opportunities in the credit markets due to continued regulatory changes and global deleveraging. The Fund will provide capital to areas or sectors undergoing longer-term structural changes in their sources of capital. The Fund anticipates a two to five year investment horizon with high current cash flow expected. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in July 2020.

5. **FAIR VALUE MEASUREMENTS (Continued)**

Sightline makes direct secondary investments in late-stage medical device companies. They identify capital-constrained investors and purchase their existing interest in companies that have begun commercialization. They seek companies that have clarity of exit within 2 to 3 years at premium valuations. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The fund expects to sell all of its underlying assets in July 2020.

6. **BUILDINGS AND EQUIPMENT**

Buildings and equipment consisted of the following:

	2015	2014
Buildings and improvements	$ 4,084,869	$ 3,969,872
Equipment	398,765	471,195
	4,483,634	4,441,067
Less: accumulated depreciation	(3,184,709)	(3,159,508)
	$ 1,298,925	$ 1,281,559

7. **LAND AND CONSERVATION EASEMENTS**

Land located in Afton, Lakeland and West Lakeland Township, Minnesota was either donated to Belwin or was purchased with Belwin funds or contributions designated by the donor to purchase a specific piece of land. These donations were transferred to Belwin with the understanding that the land shall be forever maintained as open space with much of it in a natural state for educational and research purposes and shall always, regardless of future ownership, be so held, developed and managed so as to preserve and enhance its natural features and significance for the future education and enjoyment of the public. No land was purchased in 2015 and 2014.

Conservation easements are perpetual agreements between Belwin and landowners under which the landowners agree to abide by certain restrictions designed to preserve the open space or conservation value of their land. These agreements are binding on all landowners. Conservation easements held by Belwin cover 79.61 acres of property, all of which are owned by individual landowners. Conservation easements held by Minnesota Land Trust cover 711 acres of Belwin's property.

8. **NOTE PAYABLE**

The note payable was due to Open Door Foundation with interest at an amount equal to the one-month London InterBank Rate of Exchange plus seventy-five basis points payable quarterly and principal payments of $4,800 due annually. The final principal payment of $4,700 was paid in 2015. No interest was paid in 2015 or 2014.

(Continued)

9. SOLAR ENERGY SYSTEM ACQUISITION OBLIGATION

In February 2014, Belwin entered into an agreement to purchase and install a solar energy system on its property using seller financing. Installation of the solar system started in fall of 2014 and was completed in early 2015. The solar system went live on June 3, 2015. A subsidiary of the seller leases the solar system from Belwin under a capital lease agreement, and sells the power generated to Belwin. The capital lease is for a 20 year term, however the lease is subject to a put and call agreement after 10 years (June 3, 2025). Belwin is the fee title owner of the solar system, and the subsidiary of the seller is the tax owner of the solar system and eligible for federal tax credits. Belwin also assigned state solar incentive payments to the lessee. During the lease term, the lessee is responsible for all maintenance costs. Specified minimum payments are due even if the put or call is exercised. Utility cost savings are expected to finance the annual payments.

Future minimum payments are as follows:

2016	$ 5,256
2017	5,508
2018	5,772
2019	6,048
2020	6,336
Thereafter	58,224
	87,144
Less interest at 5%	(24,371)
	$ 62,773

The cost of the solar system based on Belwin's required minimum payments is $63,757. The related amortization expense during 2015 was $1,487 and accumulated amortization is $1,487 at December 31, 2015.

10. RESTRICTED NET ASSETS

Temporarily Restricted - Temporarily restricted net assets are for the following purposes:

	2015	2014
Unappropriated endowment earnings	$ 15,469	$ 16,946
Art and nature	311,187	307,857
Program expansion	209,328	209,328
Education center improvements	57,266	-
	$ 593,250	$ 534,131

(Continued)

10. **RESTRICTED NET ASSETS (Continued)**

Permanently Restricted - Permanently restricted net assets consist of the following:

	2015	2014
Investments - endowment	$ 111,807	$ 111,807
Investments restricted by donors for Volkert land purchases	879,248	789,142
Land and easements	9,238,804	9,238,804
	$ 10,229,859	$ 10,139,753

11. **CONDITIONAL CONTRIBUTION**

During 2007, Belwin received a conditional contribution of $2,000,000. The conditional contribution matches new gifts from individuals, corporations and foundations on a 1:1 basis. The contribution was recorded as a liability upon receipt and is recognized as revenue as the matching requirements are met. $25,000 and $13,284 of matching contributions were recognized in 2015 and 2014, respectively.

In 2015, Belwin received a contribution of $35,000 for capital purposes, conditional on raising an equal amount from new sources. As of December 31, 2015, no amounts have been raised. The challenge grant is still available in 2016.

During 2014, Belwin received a 1:1 matching grant in the amount of $15,000 from a private foundation to purchase equipment. Belwin raised an equivalent amount from individuals and other sources to receive this grant.

12. **RELATED PARTIES**

The Afton Land Partnership (the Partnership) owns land adjacent to land held by Belwin. One of the partners of the Partnership is on the Board of Directors of Belwin. The Partnership and Belwin share certain equipment and operating costs in the maintenance of these properties.

The Fund receives investment advisory and accounting services from Burr Oak, Inc., a family investment and advisory office with some owners that also serve on the Conservancy and the Fund board. The Fund paid Burr Oak, Inc. $50,723 and $44,496 in 2015 and 2014, respectively.

13. COMMITMENTS AND CONTINGENCIES

Employees - Belwin has an agreement with Doherty Employer Services (Doherty) whereby Belwin's employees have become employees of Doherty for administrative and personnel purposes. Doherty assumed responsibility for administrative employment matters, such as payment of wages and all federal, state and local payroll taxes, FICA, unemployment contributions, providing workers compensation coverage, complying with the Immigration Reform and Control Act, providing non-obligatory fringe benefit programs for Covered Employees, and complying with COBRA for qualified Covered Employees and dependents.

Life Estates - Two life estates exist on certain land owned by Belwin. Under these life estates, the former owners have the right to live in their houses until their death.

14. RETIREMENT SAVINGS PLANS

Belwin has a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. Generally, all employees of Belwin who are over 21 years of age and who have completed 60 days of service with Belwin are eligible to participate in the plan. Employer contributions are discretionary. Employer contributions to the Plan in 2015 and 2014 totaled $7,624 and $7,759, respectively.

15. ENDOWMENT

At December 31, 2015, Belwin has one donor-restricted endowment. Earnings on the endowment are not restricted in use. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Board of Directors of Belwin has interpreted the Minnesota version of the Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, Belwin classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor did not require that any income be added to the endowment. The remaining portion of endowment investments is classified as temporarily restricted net assets until these amounts are appropriated for expenditure by Belwin.

In accordance with MPMIFA, Belwin considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of Belwin and the donor-restricted endowment fund
(3) General economic conditions

(Continued)

15. **ENDOWMENT (Continued)**

(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of Belwin

Changes in endowment net assets for the year ended December 31, 2015 follow:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 16,946	$ 111,807	$ 128,753
Investment return:				
Interest income, net of fees	-	1,892	-	1,892
Depreciation	-	(3,369)	-	(3,369)
Endowment net assets, end of year	$ -	$ 15,469	$ 111,807	$ 127,276

Changes in endowment net assets for the year ended December 31, 2014 follow:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 13,490	$ 111,807	$ 125,297
Investment return:				
Interest income, net of fees	-	2,025	-	2,025
Appreciation	-	1,431	-	1,431
Endowment net assets, end of year	$ -	$ 16,946	$ 111,807	$ 128,753

Return Objectives and Risk Parameters - Belwin has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a positive return after inflation and distribution over an extended period of time and maintain sufficient income and liquidity to provide for reasonable cash flow requirements.

15. **ENDOWMENT (Continued)**

Strategies Employed for Achieving Objectives - To satisfy its income and liquidity objectives, Belwin invests endowment assets in foreign and domestic large blend mutual funds and money market accounts.

16. **LUCY WINTON BELL ATHLETIC FIELDS**

Belwin entered into a cooperative management agreement for the operation and maintenance of the athletic fields with two nonprofit sports organizations beginning in 2011. The three parties mutually agreed to select one of the parties to be a facility manager. The facility manager is responsible for managing all regular operations and day-to-day maintenance of the LWBAF in accordance with the terms of the agreement. Net annual budgeted operating costs are shared equally by the other two organizations. Belwin collects the budgeted user fee from the other two parties and pays the facility manager. Each of the organizations must also contribute $2,500 annually to a LWBAF capital reserve held by Belwin. User fees were $90,000 in 2015 and $83,000 in 2014. The facility manager expense was $78,000 in both years. Excess user fees were deposited to the capital reserve.

17. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 19, 2016, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.

SUPPLEMENTARY CONSOLIDATING INFORMATION

THE BELWIN CONSERVANCY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2015

	Belwin Conservancy	Belwin Supporting Fund	Total Before Eliminations	Eliminations	Total
ASSETS					
Cash	$ 84,820	$ -	$ 84,820	$ -	$ 84,820
Cash - capital reserve for LWBAF	16,359	-	16,359	-	16,359
Contributions receivable	9,711	-	9,711	-	9,711
Receivable from affiliate	1,515,923	-	1,515,923	(1,513,257)	2,666
Investments	-	12,024,949	12,024,949	-	12,024,949
Land and conservation easements	9,204,710	-	9,204,710	-	9,204,710
Buildings and equipment, net	1,298,925	-	1,298,925	-	1,298,925
Endowment investments	127,276	-	127,276	-	127,276
	$ 12,257,724	$ 12,024,949	$ 24,282,673	$ (1,513,257)	$ 22,769,416
LIABILITIES AND NET ASSETS					
Accounts payable	$ 4,028	$ -	$ 4,028	$ -	$ 4,028
Due to affiliate	-	1,513,257	1,513,257	(1,513,257)	-
Accrued payroll	16,321	-	16,321	-	16,321
Solar energy system acquisition	62,773	-	62,773	-	62,773
Conditional contribution	1,499,973	-	1,499,973	-	1,499,973
Total liabilities	1,583,095	1,513,257	3,096,352	(1,513,257)	1,583,095
Net assets:					
Board designated	-	9,123,116	9,123,116	-	9,123,116
Unrestricted	(47,187)	1,287,283	1,240,096	-	1,240,096
Total unrestricted net assets	(47,187)	10,410,399	10,363,212	-	10,363,212
Temporarily restricted	582,063	101,293	683,356	(90,106)	593,250
Permanently restricted	10,139,753	-	10,139,753	90,106	10,229,859
Total net assets	10,674,629	10,511,692	21,186,321	-	21,186,321
	$ 12,257,724	$ 12,024,949	$ 24,282,673	$ (1,513,257)	$ 22,769,416

THE BELWIN CONSERVANCY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2015

	Belwin Conservancy	Belwin Supporting Fund	Total Before Eliminations	Eliminations	Total
Revenues and support:					
Contributions	$ 521,834	$ 252,936	$ 774,770	$ (418,217)	$ 356,553
In-kind materials and services	12,712	-	12,712	-	12,712
Government grants	58,039	-	58,039	-	58,039
Investment income (loss)	(1,477)	(48,177)	(49,654)	-	(49,654)
Facility user fees and rent income	106,870	-	106,870	-	106,870
Total revenues and support	697,978	204,759	902,737	(418,217)	484,520
Expenses:					
Program services:					
Ecological	293,627	-	293,627	-	293,627
Art, science and nature	107,955	-	107,955	-	107,955
Recreation	128,697	-	128,697	-	128,697
	530,279	-	530,279	-	530,279
Management and general	137,564	468,940	606,504	(418,217)	188,287
Fundraising	119,643	-	119,643	-	119,643
Total expenses	787,486	468,940	1,256,426	(418,217)	838,209
Change in net assets before contribution for capital improvements	(89,508)	(264,181)	(353,689)	-	(353,689)
Contributions for capital improvements	57,266	-	57,266	-	57,266
Change in net assets	(32,242)	(264,181)	(296,423)	-	(296,423)
Net assets, beginning of year	10,706,871	10,775,873	21,482,744	-	21,482,744
Net assets, end of year	$ 10,674,629	$ 10,511,692	$ 21,186,321	$ -	$ 21,186,321