

Western Cave Conservancy
Financial Statements
Year Ending December 31, 2002

I, Robert C. Haye, acting as Treasurer of the Western Cave Conservancy, have prepared the accompanying financial statements. I believe these financial statements to present fairly, in all material respects, the financial position of the Western Cave Conservancy as of December 31, 2002, and the changes in its net assets and its cash flows for the year ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'Robert C. Haye', with a stylized flourish at the end.

Robert C. Haye
Treasurer, Western Cave Conservancy
July 19, 2003

Western Cave Conservancy
Statement of Financial Position
December 31, 2002

Assets

Cash and cash equivalents	\$283.50
Accounts receivable	0.00
Unrestricted contributions receivable	750.00
Property and equipment	<u>0.00</u>
Total assets	<u>\$1,033.50</u>

Liabilities

Accounts payable	\$0.00
Accrued expenses	0.00
Long-term debt	<u>0.00</u>
Total liabilities	<u>0.00</u>

Net Assets

Unrestricted	1,033.50
Temporarily restricted	0.00
Permanently restricted	<u>0.00</u>
Total net assets	<u>1,033.50</u>
Total liabilities and net assets	<u>\$1,033.50</u>

**Western Cave Conservancy
Statement of Activities
Year Ended December 31, 2002**

	<i>Unrestricted</i>	<i>Temporarily restricted</i>	<i>Permanently restricted</i>	<i>Total</i>
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Revenues, gains, and other support:				
Contributions	\$1,568.00	\$0.00	\$0.00	\$1,568.00
Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total revenues, gains, and other support	1,568.00	0.00	0.00	1,568.00
Expenses and losses (see note 3):				
Program services	0.00			0.00
Management and general	534.50			534.50
Fund-raising	<u>0.00</u>			<u>0.00</u>
Total expenses	534.50			534.50
Losses	<u>0.00</u>			<u>0.00</u>
Total losses	<u>0.00</u>			<u>0.00</u>
Total expenses and losses	534.50			534.50
Change in net assets	1,033.50	0.00	0.00	1,033.50
Net assets at beginning of year	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net assets at end of year	<u>\$1,033.50</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$1,033.50</u>

**Western Cave Conservancy
Statement of Functional Expenses
Year Ended December 31, 2002**

	<i>Program expenses (see note 3)</i>	<i>Management & general</i>	<i>Fundraising (see note 3)</i>	<i>Total expenses</i>
Personnel expenses (see note 1):				
Salaried & hourly	\$0.00	\$0.00	\$0.00	\$0.00
Payroll taxes & benefits	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total personnel expenses	0.00	0.00	0.00	0.00
Direct expenses:				
Bank fees	-	14.50	-	14.50
Filing fees - one-time	-	500.00	-	500.00
Filing fees - periodic	-	20.00	-	20.00
Insurance	-	0.00	-	0.00
Supplies	-	0.00	-	0.00
Professional fees	-	0.00	-	0.00
Office expenses	-	0.00	-	0.00
Telephone	<u>-</u>	<u>0.00</u>	<u>-</u>	<u>0.00</u>
Total direct expenses	<u>0.00</u>	<u>534.50</u>	<u>0.00</u>	<u>534.50</u>
Total expenses	<u>\$0.00</u>	<u>\$534.50</u>	<u>\$0.00</u>	<u>\$534.50</u>

Western Cave Conservancy
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2002

Cash flows from operating activities:	
Cash received from donors	\$753.00
Auctioned goods	65.00
Cash collected on contributions receivable	0.00
Interest and dividends received	0.00
Cash paid to employees and suppliers	<u>(534.50)</u>
Net cash provided by operating activities	<u>283.50</u>
 Cash flows from investing activities:	
Purchases of equipment	(0.00)
Proceeds from sales of investments	0.00
Purchases of investments	<u>(0.00)</u>
Net cash used by investing activities	<u>(0.00)</u>
 Cash flows from financing activities:	
Interest and dividends restricted for reinvestment	0.00
Payments on notes payable	(0.00)
Payments on long-term debt	<u>(0.00)</u>
Net cash used by financing activities	<u>(0.00)</u>
 Net increase in cash and cash equivalents	283.50
Cash and cash equivalents at beginning of year	<u>0.00</u>
Cash and cash equivalents at end of year	<u>\$283.50</u>
 Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$1,033.50
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Increase in accounts receivable	(0.00)
Increase in contributions receivable	<u>(750.00)</u>
Net cash provided by operating activities	<u>\$283.50</u>
 Supplemental data for noncash investing and financing activities:	
None to report	

Western Cave Conservancy
Notes to the Financial Statements
Year Ending December 31, 2002

Note 1 – Organization

The Western Cave Conservancy, organized in 2002 and incorporated on August 17, 2002, is a not-for-profit public charity corporation dedicated to protecting caves primarily through direct purchase of land and easements.

The Conservancy is under the direction of a five-member volunteer Board of Directors. Directors were selected from among persons interested in protecting caves, and consideration was given to achieving a diverse, cooperative, experienced, and energetic group.

The Conservancy's operations are carried out by unpaid volunteers, keeping expenses to a bare minimum and ensuring maximum use of donated funds.

Note 2 – Significant accounting policies

Method of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and include the accounts maintained by and directly under control of the Conservancy.

Financial Statement Presentation: The Conservancy reports information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash: The Conservancy maintains its primary checking account at Bank of America which is insured by an agency of the federal government up to \$100,000. All cash funds are held in that insured account.

Cash equivalents: For the purposes of the Statement of Cash Flows, the Conservancy considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

Land, Building, Equipment and Depreciation: Land, building and equipment are stated at cost or, in the case of donated property, at fair value at the time of gift, less accumulated depreciation. Depreciation is provided on the straight-line basis over the assets' estimated useful lives. Normal repairs and maintenance are recorded as unrestricted expenses.

Contributions: Contributions received and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of donor restrictions and the nature of restrictions, if they exist.

Contributions are recognized when the donor makes a promise to give to the Conservancy that is, in substance, unconditional. Contributions 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. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes: The Conservancy is exempt from federal and state income taxes under Section 501(C)(3) of the Internal Revenue Code. Accordingly, no provision for federal and state income taxes has been made in these financial statements. The Conservancy files all appropriate informational returns with state and federal agencies.

Use of Estimates and Assumptions: 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.

Note 3 – No program expenses in first year

During its first year of existence, the Conservancy's main accomplishments were organizational: recruiting a board of directors, establishing policies, setting up office procedures, raising startup funds, and obtaining federal tax-exempt recognition.

No programs related to the exempt purposes of the organization were undertaken, and thus no costs for such programs were incurred.

Start-up funds were raised from among board members and through donation requests at informal gatherings. Thus, no fundraising expenses were incurred.