

Western Cave Conservancy  
Financial Statements  
Year Ending December 31, 2003

I, Robert C. Haye, in my capacity 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, 2003, 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  
April 27, 2004

**Western Cave Conservancy**  
**Statement of Financial Position**  
**December 31, 2003**

**Assets**

Cash and cash equivalents	\$7,433.72
Accounts receivable	0.00
Unrestricted contributions receivable	250.00
Property and equipment	<u>0.00</u>
Total assets	<u>\$7,683.72</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	7,183.72
Temporarily restricted	500.00
Permanently restricted	<u>0.00</u>
Total net assets	<u>7,683.72</u>
Total liabilities and net assets	<u>\$7,683.72</u>

**Western Cave Conservancy  
Statement of Activities  
Year Ended December 31, 2003**

	<i>Unrestricted</i>	<i>Temporarily restricted</i>	<i>Permanently restricted</i>	<i>Total</i>
<b>Revenues, gains, and other support:</b>				
Contributions	\$9,498.81	\$500.00	\$0.00	\$9,998.81
Other	<u>1,466.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,466.00</u>
Total revenues, gains, and other support	10,964.81	500.00	0.00	11,464.81
<b>Expenses and losses (see note 3):</b>				
Program services	0.00			0.00
Management and general	1,350.24			1,350.24
Fund-raising	<u>3,464.35</u>			<u>3,464.35</u>
Total expenses	4,814.59			4,814.59
Losses	<u>0.00</u>			<u>0.00</u>
Total losses	<u>0.00</u>			<u>0.00</u>
Total expenses and losses	4,814.59			4,814.59
Change in net assets	6,150.22	500.00	0.00	6,650.22
Net assets at beginning of year	<u>1,033.50</u>	<u>0.00</u>	<u>0.00</u>	<u>1,033.50</u>
Net assets at end of year	<u>\$7,183.72</u>	<u>\$500.00</u>	<u>\$0.00</u>	<u>\$7,683.72</u>

**Western Cave Conservancy  
Statement of Functional Expenses  
Year Ended December 31, 2003**

	<i>Program expenses (see note 3)</i>	<i>Management &amp; general</i>	<i>Fundraising (see note 4)</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	-	116.95	-	116.95
Copying	-	4.29	472.39	476.68
Postage	-	-	555.00	555.00
Printing	-	-	773.44	773.44
Professional fees	-	455.00	139.20	594.20
Reference books	-	344.87	-	344.87
Registration	-	-	75.00	75.00
Supplies: Events	-	156.42	999.54	1,155.96
Supplies: Member drive	-	-	449.78	449.78
Supplies: Other	-	221.41	-	221.41
Web site	<u>-</u>	<u>51.30</u>	<u>-</u>	<u>51.30</u>
Total direct expenses	<u>0.00</u>	<u>1,350.24</u>	<u>3,464.35</u>	<u>4,814.59</u>
Total expenses	\$0.00	\$1,350.24	\$3,464.35	\$4,814.59

**Western Cave Conservancy**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended December 31, 2003**

Cash flows from operating activities:	
Cash received from donors	\$9,998.81
Cash collected on contributions receivable	500.00
Cash received in exchange for goods or services	1,466.00
Interest and dividends received	0.00
Cash paid to employees and suppliers	<u>(4,814.59)</u>
Net cash provided by operating activities	<u>7,150.22</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	7,150.22
Cash and cash equivalents at beginning of year	<u>283.50</u>
Cash and cash equivalents at end of year	<u>\$7,433.72</u>
Reconciliation of change in net assets to net cash provided	
by operating activities:	
Change in net assets	\$6,650.22
Adjustments to reconcile change in net assets to net cash	
provided by operating activities:	
Increase in accounts receivable	(0.00)
Decrease in contributions receivable	<u>500.00</u>
Net cash provided by operating activities	<u>\$7,150.22</u>
Supplemental data for noncash investing and financing activities:	
None to report	

Western Cave Conservancy  
Notes to the Financial Statements  
Year Ending December 31, 2003

**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 seven-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. In addition, the Conservancy maintains a merchant account with First Regional Bank for the purpose of processing credit card transactions.

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 this year**

During 2003, the Conservancy has pursued two programs related to its exempt purposes, but no program expenses were incurred due to the volunteer labor provided. In the coming year, the Conservancy anticipates significant program expenses in the form of land purchases for conservation.

### **Note 4 – Fundraising expenses**

In 2003 the Conservancy undertook two publicity events and its first membership drive. As a result, fundraising expenses appear on the surface to be fairly high in comparison to contributions raised. But one must consider that, according to information gathered at the Land Trust Alliance Rally, initial member drives usually lose money, making up for it later with membership renewals. The Conservancy by contrast has already brought in much more money than it spent on the initial drive. This success, coupled with significant anticipated membership renewal income, positions the Conservancy for achieving a much better fundraising cost-per-dollar-raised in 2004.