

Western Cave Conservancy
Financial Statements
Year Ending December 31, 2004
Corrected (see Note 6)

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, 2004, 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
May 15, 2005

Western Cave Conservancy
Statement of Financial Position
December 31, 2004

Assets

Cash and cash equivalents	\$16,765.49
Accounts receivable	0.00
Property and equipment	<u>0.00</u>
Total assets	<u>\$16,765.49</u>

Liabilities

Accounts payable	\$107.17
Sales tax payable	112.21
Accrued expenses	0.00
Long-term debt	<u>0.00</u>
Total liabilities	<u>219.38</u>

Net Assets

Unrestricted	16,046.11
Temporarily restricted	500.00
Permanently restricted	<u>0.00</u>
Total net assets	<u>16,546.11</u>
Total liabilities and net assets	<u>\$16,765.49</u>

Western Cave Conservancy
Statement of Activities
Year Ended December 31, 2004

	<i>Unrestricted</i>	<i>Temporarily restricted</i>	<i>Permanently restricted</i>	<i>Total</i>
Revenues, gains, and other support:				
Contributions	\$10,751.00	\$0.00	\$0.00	\$10,751.00
Other	<u>1,547.79</u>	<u>0.00</u>	<u>0.00</u>	<u>1,547.79</u>
Total revenues, gains, and other support	12,298.79	0.00	0.00	12,298.79
Expenses and losses (see note 3):				
Program services	697.48			697.48
Management and general	562.13			562.13
Fund-raising	<u>2,176.79</u>			<u>2,176.79</u>
Total expenses	3,436.40			3,436.40
Losses	<u>0.00</u>			<u>0.00</u>
Total losses	<u>0.00</u>			<u>0.00</u>
Total expenses and losses	3,436.40			3,436.40
Change in net assets	8,862.39	0.00	0.00	8,862.39
Net assets at beginning of year	<u>7,183.72</u>	<u>500.00</u>	<u>0.00</u>	<u>7,683.72</u>
Net assets at end of year	<u>\$16,046.11</u>	<u>\$500.00</u>	<u>\$0.00</u>	<u>\$16,546.11</u>

Western Cave Conservancy
Statement of Functional Expenses
Year Ended December 31, 2004

	----- Programs (see note 3) -----					Management & general	Fundraising (see note 4)	Total expenses
	Millerton	Rippled	M2	Newsletter	Total			
Personnel expenses (see note 1):								
Salaried & hourly	\$0.00	\$0.00	\$0.00	\$0.00	\$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>	<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	0.00	0.00	0.00	0.00
Direct expenses:								
Bank fees	-	-	-	-	0.00	25.00	-	25.00
California use tax (see note 5)	-	-	-	-	0.00	-0.16	-	-0.16
Credit card processing	-	-	-	-	0.00	255.13	-	255.13
Copying/printing	-	-	-	208.91	208.91	59.36	-	268.27
Filing fees	-	-	-	-	0.00	30.00	-	30.00
Incentive gifts	-	-	-	-	0.00	-	686.70	686.70
Postage	19.35	-	21.22	148.00	188.57	143.03	147.21	478.81
Professional fees	-	300.00	-	-	300.00	20.00	-	320.00
Promotional items	-	-	-	-	0.00	-	390.89	390.89
Supplies: Events	-	-	-	-	0.00	-	436.76	436.76
Supplies: Member drive	-	-	-	-	0.00	-	431.79	431.79
Supplies: Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00</u>	<u>29.77</u>	<u>83.44</u>	<u>113.21</u>
Total direct expenses	<u>19.35</u>	<u>300.00</u>	<u>21.22</u>	<u>356.91</u>	<u>697.48</u>	<u>562.13</u>	<u>2,176.79</u>	<u>3,436.40</u>
Total expenses	\$19.35	\$300.00	\$21.22	\$356.91	\$697.48	\$562.13	\$2,176.79	\$3,436.40

Western Cave Conservancy
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2004

Cash flows from operating activities:	
Cash received from donors	\$10,691.00
Auctioned goods	60.00
Cash collected on contributions receivable	250.00
Cash received in exchange for goods or services	1,547.79
Cash received to pay sales tax	112.21
Interest and dividends received	0.00
Cash paid to employees and suppliers	<u>(3,329.23)</u>
Net cash provided by operating activities	<u>9,331.77</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	9,331.77
Cash and cash equivalents at beginning of year	<u>7,433.72</u>
Cash and cash equivalents at end of year	<u>\$16,765.49</u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$8,862.39
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts payable	107.17
Increase in sales tax payable	112.21
Decrease in contributions receivable	<u>250.00</u>
Net cash provided by operating activities	<u>\$9,331.77</u>
Supplemental data for noncash investing and financing activities:	
None to report	

Western Cave Conservancy
Notes to the Financial Statements
Year Ending December 31, 2004

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, and an additional merchant account with PayPal for the same purpose. The PayPal account is an uninsured but still quite safe money-market 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 is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets. If there is no longer a reasonable expectation of satisfying the restriction, the donor is given the option of either removing the restriction or obtaining a refund of the contribution.

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 federal and California agencies, as well as agencies in other states in which the conservancy engages in significant fundraising activities and that require such returns (currently only Arizona and Oregon.)

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 – Program Expenses

During 2004 the Conservancy incurred its first program-related expenses. The programs listed in this report are as follows:

1. Millerton: The Conservancy sent documents and maps to the consulting hydrologist assisting the investigation into the Upper San Joaquin River Basin storage project in California, to give the investigators sufficient information to help protect the unique Millerton Lake Caves (which could be adversely affected by the project.)

2. Rippled: In the process of negotiating for Rippled Cave in Amador County, California, the Conservancy commissioned an appraisal of the current market value of the property to establish a reasonable price.
3. M2: The Conservancy sent a map and photographs of M2 Cave to its owner. The cave is a significant limestone cave on private land in southern Oregon, and the Conservancy is exploring options with the owner to permanently protect it.
4. Newsletter: Members of the Conservancy receive a quarterly newsletter containing educational articles, updates on the Conservancy's activities, and calls to action. The calls to action encourage activities beneficial to protecting caves, such as participating in a cave restoration/gating project, writing letters in support of the Millerton Lake caves, and helping the Conservancy identify potential acquisitions.

Note 4 – Fundraising expenses

In 2004 the Conservancy only undertook one publicity event and no membership drive, resulting in lower fundraising expenses than 2003. However, this should not be viewed as a trend, because the Conservancy is preparing for a major capital campaign in 2005.

Note 5 – California “use tax” refund

Acting on advice provided by a California Board of Equalization employee, the Conservancy paid \$50.32 in California “use tax” for certain 2003 purchases. Use tax is essentially the same as sales tax, and is required for goods purchased out of state that are used within California.

However, the state refunded that tax payment with a note that the Conservancy is not required to pay it. Oddly the refund check was for 16 cents more than the Conservancy paid, so perhaps the state added interest when calculating the refund. Hence the 16-cent credit shown on the Statement of Functional Expenses.

Note 6 – Corrected statements

The original version of these 2004 Financial Statements did not account for sales tax payable on tickets sold for the October fundraising dinner (held at the Western Regional Meeting in Sonora, CA.) Originally all \$1660.00 was accounted as “Other Income”, but this has been corrected to \$1547.79 of “Other Income” and \$112.21 “Sales Tax Payable.” Cash flows and net assets have been correspondingly adjusted.