

Western Cave Conservancy  
Financial Statements  
Year Ending December 31, 2008

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, 2008, 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 24, 2009

Western Cave Conservancy  
Statement of Financial Position  
December 31, 2008

**Assets**

Cash and cash equivalents	\$21,017.52
Pledged contributions receivable	100.00
Accounts receivable	0.00
Land	<u>150,000.00</u>
Total assets	<u>\$171,117.52</u>

**Liabilities**

Accounts payable – see note 3	\$10,129.26
Sales tax payable	0.00
Long-term debt	<u>0.00</u>
Total liabilities	<u>10,129.26</u>

**Net Assets**

Unrestricted	160,988.26
Temporarily restricted	0.00
Permanently restricted	<u>0.00</u>
Total net assets	<u>160,988.26</u>
Total liabilities and net assets	<u>\$171,117.52</u>

Western Cave Conservancy  
Statement of Activities  
Year Ended December 31, 2008

	<i>Unrestricted</i>	<i>Temp. restricted</i>	<i>Perm. restricted</i>	<i>Total</i>
Revenues, gains, and other support:				
Contributions of cash and auction goods	\$11,805.00	\$0.00	\$0.00	\$11,805.00
Sale of promotional items	0.00			0.00
Interest earned	84.95			84.95
Events	0.00			-
Net assets released from restrictions				
Satisfaction of program restrictions (note 4)	<u>380.00</u>	<u>(380.00)</u>	<u>0.00</u>	<u>0.00</u>
Total revenues, gains, and other support	12,269.95	(380.00)	0.00	11,889.95
Expenses				
Program services				
Weller Preserve				
Direct expenses	6,314.23			
Prop. tax refund – see note 5	<u>-2,987.72</u>			
Total Weller Preserve	3,326.51			
Windeler Cave	-			
Newsletter	<u>96.72</u>			
Total program services	3,423.23			3,423.23
Management and general	6,424.94			6,424.94
Fund-raising – see note 6	<u>205.09</u>			<u>205.09</u>
Total expenses	10,053.26			10,053.26
Change in net assets	2,216.69	(380.00)	0.00	1,836.69
Net assets at beginning of year	<u>156,271.57</u>	<u>2,880.00</u>	<u>0.00</u>	<u>159,151.57</u>
Net assets at end of year	<u>\$158,488.26</u>	<u>\$2,500.00</u>	<u>\$0.00</u>	<u>\$160,988.26</u>

Western Cave Conservancy  
Statement of Functional Expenses  
Year Ended December 31, 2008

	----- Programs (see note 3) -----											
	Weller	Windeler	Newsletter	Subtotal	Management & general	Fundraising (see note 6)	Total expenses					
Personnel expenses (see note 1):												
None.												
Direct expenses:												
Bank fees	-	-	-	0.00	10.50	-	10.50					10.50
Building materials	5,902.56	-	-	5,902.56	-	-	5,902.56					5,902.56
Building permits	342.22	-	-	342.22	-	-	342.22					342.22
Credit card processing	-	-	-	0.00	182.60	-	182.60					182.60
Copying/printing	-	-	37.98	37.98	-	-	37.98					37.98
Federal income tax	-	-	-	0.00	41.98	-	41.98					41.98
Filing fees	-	-	-	0.00	30.00	-	30.00					30.00
Insurance (see note 7)	-	-	-	0.00	3,211.22	-	3,211.22					3,211.22
Postage	-	-	58.74	58.74	59.39	16.06	134.19					134.19
Professional fees	2,990.58	-	-	2,990.58	-	-	2,990.58					2,990.58
Property maintenance	66.59	-	-	66.59	-	-	66.59					66.59
Property tax (see note 5)	(2,987.72)	-	-	(2,987.72)	-	-	(2,987.72)					(2,987.72)
Sales tax rounding	-	-	-	0.00	0.25	-	0.25					0.25
Supplies	-	-	-	0.00	-	6.43	6.43					6.43
Web site	-	-	-	0.00	83.88	0.00	83.88					83.88
Total direct expenses	6,314.23	0.00	96.72	6,410.95	3,619.82	22.49	10,053.26					10,053.26
Total expenses	\$6,314.23	\$0.00	\$96.72	\$6,410.95	\$3,619.82	\$22.49	\$10,053.26					\$10,053.26

Western Cave Conservancy  
Statement of Cash Flows  
For the Fiscal Year Ended December 31, 2008

Cash flows from operating activities:	
Cash received from donors	\$11,820.00
Cash received from auction of donated goods	10.00
Cash received in exchange for goods or services	0.00
Interest received	84.95
Property tax refund received (see note 5)	(2,987.72)
Sales tax paid out	(102.75)
Cash paid out for expenses	<u>(2,277.69)</u>
Net cash provided by operating activities	<u>11,102.17</u>
Cash flows from financing activities:	
None to report	
Net increase in cash and cash equivalents	11,102.17
Cash and cash equivalents at beginning of year	<u>9,915.35</u>
Cash and cash equivalents at end of year	<u>\$21,017.52</u>
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$1,836.69
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts payable	9,343.23
Decrease in sales tax payable (see note 2)	(102.75)
Decrease in pledged contributions receivable	25.00
Net cash provided by operating activities	\$11,102.17
Supplemental data for noncash investing and financing activities:	
None to report	

Western Cave Conservancy  
Notes to the Financial Statements  
Year Ending December 31, 2008

**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 an eight-member volunteer Board of Directors. The Directors were selected from among persons interested in protecting caves, and consideration was given to achieving a diverse, cooperative, experienced, and energetic group. Day-to-day operations are conducted by the Officers, consisting of President, Vice-President, Treasurer, and Secretary.

All of the Conservancy’s operations are carried out by unpaid volunteers, which keeps expenses low and ensures maximum use of donated funds.

As of December 31, 2008 the Directors and Officers were:

<b>Name and Address</b>	<b>Title and average hours per week devoted to position</b>
Rolf L. Aalbu, PhD 18 Sea Lion Court Sacramento, CA 95831	Vice Pres / Director 2 hrs/week
Joel D. Despain Hcr 89 Box 211 Three Rivers, CA 93271	Director 1 hr/week
Donald Dunn 6337 Dorchester Ct. Carmichael, CA 95608	Director 1 hr/week
Robert C. Haye 213 Elm Street Santa Cruz, CA 95060	Treasurer / Director 5 hrs/week
Jerald J. Johnson, PhD P.O. Box 230 Newcastle, CA 95658	Director 2 hrs/week
Bruce W. Rogers 37899 Los Arboles Dr. Fremont CA, 94536	Director 2 hrs/week
Marianne L. Russo P.O. Box 230 Newcastle, CA 95658	President / Director 5 hrs/week
Michael D. White PO Box 841 Murphys, CA 95247	Director 1 hr/week
(vacant)	Secretary

## **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. Where statements on a cash basis are required, they have been computed by making appropriate adjustments to the accrual-based records.

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. Temporary restrictions are restrictions on the use of donated funds (imposed by a donor) that the Conservancy has a reasonable expectation of meeting. Permanent restrictions are those in which a donor stipulates that a contribution be maintained permanently, but allows the Conservancy to spend all or part of the income derived from the donated 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. In addition, the Conservancy uses an interest-bearing money market account (also insured) at Nexity Bank. Most cash funds are held in these insured accounts. Finally, 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. These latter two accounts are uninsured.

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: The Conservancy had no investments this year.

Land, Building, Equipment and Depreciation: Land, buildings and equipment are stated at cost or, in the case of donated property, at fair value at the time of the gift, less accumulated depreciation. Depreciation is provided on a straight-line basis over the assets' estimated useful lives. Normal repairs and maintenance are recorded as unrestricted expenses. In the case of property held for investment or conservation purposes, no depreciation is applied.

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 binding 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. Otherwise 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: For income from contributions, the Conservancy is exempt from federal and state income taxes under Section 501(C)(3) of the Internal Revenue Code. However, the Conservancy must pay income taxes on “unrelated business income”, that is, income not directly related to the Conservancy's exempt purposes. The Conservancy files all appropriate informational and tax 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.)

Sales Tax: The collection and payment of California sales tax is not reflected as income and expenses in these statements. Rather, sales tax is considered a transfer from the buyer to the state with the Conservancy acting only as intermediary. This is in alignment with the way QuickBooks accounting software models sales tax, easing verification that the financial statements match the Conservancy's electronic records.

### **Note 3 – Program Expenses**

During 2008 the Conservancy incurred many program-related expenses. The programs listed in this report are as follows:

1. Weller Preserve: In March of 2006, the Conservancy purchased approx. 15 acres in Amador County, California to secure permanent protection for Rippled Cave, a significant cave on the property which is used by many local cavers as well as search and rescue personnel. The property was later renamed the “Weller Natural Preserve” in honor of its history.

In relation to this property in 2008 the Conservancy incurred significant costs replacing the dilapidated building that had been present at the time of purchase. The bulk of these costs were paid out-of-pocket by a volunteer but weren't reimbursed by December 31, and thus are classified here as Accounts Payable. This program will continue into the foreseeable future, though expenses are anticipated to be much less in future years.

2. Newsletter: Members of the Conservancy receive a periodic newsletter containing educational articles, updates on the Conservancy's activities, and calls to action. Only one issue was published in 2008. The calls to action encourage activities beneficial to protecting caves, such as protecting bats from white nose syndrome, looking for unusual species of cave-adapted invertebrates, and writing letters to help protect caves in Nevada and California. This program is likely to continue.
3. Windeler Cave: In 2007 the Conservancy successfully negotiated a Memorandum of Understanding (MOU) with the U.S. Forest Service to manage Windeler Cave in

the Stanislaus National Forest. In anticipation of costs associated with maintaining and managing the cave, collection began in 2007 of a fund dedicated to Windeler. While no expenses have been incurred by this project yet, it is considered just a matter of time and the program is likely to continue into the foreseeable future.

#### **Note 4 – Satisfaction of Program Restrictions**

Fundraising began in 2007 for a fund dedicated to replacing the dilapidated building at the Weller Preserve. \$380 of temporarily restricted funds had been raised; in 2008 the building project was undertaken and satisfied the restriction.

#### **Note 5 – Property Tax Refund**

In 2008 the Conservancy received exemption from Amador County property taxes in relation to the Weller Natural Preserve. As part of the exemption process, most of the three prior years' taxes were refunded to the Conservancy. Since the taxes were shown as expenses in prior years' statements, the refund is shown as offsetting expenses in 2008.

The total refund amount was \$3,010.32, but \$22.60 was paid out making the net refund \$2,987.22 for the year.

#### **Note 6 – Fundraising expenses**

In 2008 the Conservancy conducted a member renewal campaign but otherwise did little in the way of fundraising mail-outs, and did not host a fundraising dinner. Fundraising expenses will likely continue to be relatively low in 2009.

#### **Note 7 – Insurance**

For essentially its entire existence the Conservancy has attempted to obtain “General Liability” and “Director and Officers” insurance. In 2008 this effort finally came to fruition and policies were obtained, though at very substantial cost. It is unknown whether the Conservancy will renew, replace, or drop these policies in future years.

#### **Note 8 – Professional Fees**

These fees were paid to various professionals as part of the building project at the Weller Natural Preserve. Here is a breakdown:

1,100.00	Earth moving
895.58	Building contractor's out-of-pocket expenses
500.00	Drafting
475.00	Hauling / gravel
20.00	Surveying