

Western New York
Land Conservancy, Inc.

Financial Statements and
Supplementary Information

December 31, 2004 and 2003

TRONCONI SEGARRA
& ASSOCIATES^{LLP}

Certified Public Accountants
Business Consultants

Western New York Land Conservancy, Inc.
Financial Statements
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Report of Independent Accountants

The Board of Directors
Western New York Land Conservancy, Inc.
East Aurora, New York

We have audited the accompanying statements of financial position of the Western New York Land Conservancy, Inc. as of December 31, 2004 and 2003 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Western New York Land Conservancy, Inc. as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Tronconi Segarra : Associates LLP

March 26, 2005

Western New York Land Conservancy, Inc.

Statements of Financial Position

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 123,308	\$ 108,111
Restricted cash and cash equivalents	86,219	67,236
Pledges receivable, current maturities	5,750	0
Contributions and grants receivable	1,115	16,947
Legal fee reimbursement receivable	19,273	0
	<u>235,665</u>	<u>192,294</u>
Total current assets	235,665	192,294
Long-Term Pledges Receivable	6,750	0
Property and Equipment, net	<u>687,657</u>	<u>728,711</u>
	<u>\$ 930,072</u>	<u>\$ 921,005</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 18,518	\$ 19,569
Accrued expenses	1,242	385
	<u>19,760</u>	<u>19,954</u>
Total current liabilities	19,760	19,954
Net Assets		
Unrestricted	221,511	135,987
Temporarily restricted	55,409	79,926
Permanently restricted	633,392	685,138
	<u>910,312</u>	<u>901,051</u>
Total net assets	910,312	901,051
	<u>\$ 930,072</u>	<u>\$ 921,005</u>

See report of independent accountants and notes to financial statements.

Western New York Land Conservancy, Inc.

Statement of Activities for the year ended December 31, 2004

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>Support and Revenue</i>				
Contributions	\$ 45,654	\$ 0	\$ 0	\$ 45,654
Membership dues	20,590	12,500	0	33,090
Stewardship	24,000	0	0	24,000
Grants	38,266	18,634	0	56,900
Legal fee reimbursement	24,772	0	0	24,772
Land donation	5,200	0	0	5,200
Interest income and net realized gains	1,142	0	2,236	3,378
Miscellaneous	9,202	0	0	9,202
Net assets released from restrictions	41,685	(55,651)	13,966	0
	210,511	(24,517)	16,202	202,196
Total support and revenue				
<i>Expenses</i>	124,987	0	0	124,987
<i>Land Transfer</i>	0	0	67,948	67,948
Increase (Decrease) in net assets	85,524	(24,517)	(51,746)	9,261
<i>Net Assets, beginning of year</i>	135,987	79,926	685,138	901,051
<i>Net Assets, end of year</i>	\$ 221,511	\$ 55,409	\$ 633,392	\$ 910,312

See report of independent accountants and notes to financial statements.

Western New York Land Conservancy, Inc.

Statement of Activities for the year ended December 31, 2003

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>Support and Revenue</i>				
Contributions	\$ 31,585	\$ 10,057	\$ 0	\$ 41,642
Membership dues	17,806	0	0	17,806
Stewardship	17,315	0	0	17,315
Interest income and net realized gains	1,139	0	2,486	3,625
Miscellaneous	7,094	0	0	7,094
Net assets released from restrictions	6,854	(3,746)	(3,108)	0
Total support and revenue	81,793	6,311	(622)	87,482
<i>Expenses</i>				
	111,581	0	0	111,581
Increase (Decrease) in net assets	(29,788)	6,311	(622)	(24,099)
<i>Net Assets, beginning of year</i>				
	165,775	73,615	685,760	925,150
<i>Net Assets, end of year</i>				
	\$ 135,987	\$ 79,926	\$ 685,138	\$ 901,051

See report of independent accountants and notes to financial statements.

Western New York Land Conservancy, Inc.

Statements of Cash Flows

for the years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<i>Cash Flows from Operating Activities</i>		
Increase (Decrease) in net assets	\$ 9,261	\$ (24,099)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Land transfer	67,948	0
Depreciation	6,088	5,144
Loss on sale of property and equipment	0	8,258
(Increase) Decrease in:		
Receivables	(15,941)	25,067
Increase (Decrease) in:		
Accounts payable	(1,051)	(6)
Accrued expenses	857	129
	<u>67,162</u>	<u>14,493</u>
Net cash provided by operating activities	67,162	14,493
<i>Cash Flows from Investing Activities</i>		
Proceeds from sale of property	0	21,881
Purchases of property and equipment	(32,982)	(6,843)
Cash restricted for land conservation activities	(18,983)	(8,567)
	<u>(51,965)</u>	<u>6,471</u>
Net cash provided by (used in) investing activities	(51,965)	6,471
Net increase in cash and cash equivalents	15,197	20,964
<i>Cash and Cash Equivalents, beginning of year</i>	<u>108,111</u>	<u>87,147</u>
<i>Cash and Cash Equivalents, end of year</i>	<u>\$ 123,308</u>	<u>\$ 108,111</u>

See report of independent accountants and notes to financial statements.

Western New York Land Conservancy, Inc.

Notes to Financial Statements

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Western New York Land Conservancy, Inc. (the “Organization”) is a not-for-profit organization dedicated to the preservation of land by acquisition of title and conservation easements. The Organization receives support primarily from contributions from individuals and businesses and government grants.

Basis of Accounting – The financial statements of the Organization are prepared using the accrual basis of accounting in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, “*Accounting for Contributions Received and Contributions Made*,” and No. 117, “*Financial Statements of Not-For-Profit Organizations*.” Revenue from grants is recognized when earned. Grants may be subject to review and audit by various funding sources.

Cash and Cash Equivalents – The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consist of investments in money market funds.

Contributions and Pledges Receivable – Contributions and pledges receivable represent unconditional promises to give to the Organization. At December 31, 2004 and 2003, other than long-term pledges receivable, all contributions and pledges receivable are due in less than one year. Based upon management’s review of contributions and pledges receivable, no allowance for uncollectible promises to give is considered necessary at December 31, 2004 or 2003.

Property and Equipment, net – Property and equipment acquired by the Organization is stated at cost, net of accumulated depreciation. Donated items are stated at fair value on the date of donation. Depreciation is computed using the straight-line method over the approximate economic useful lives of the assets, which range from 3 to 39 years. The costs of maintenance and repairs are charged to expense as incurred; significant renewals and improvements are capitalized.

Net Assets – Temporarily restricted net assets are: donor restricted contributions limited to special uses, receipt of unconditional promises to give cash in future years, and restricted project and grant money that has not yet been used for the intended purpose at year-end. Permanently restricted net assets include donor and Board of Director designated restricted contributions to endowment funds or of assets which are restricted for land acquisitions and other specific projects such as those subject to mitigation or conservation agreements.

Contributions and Support – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions in accordance with SFAS No. 116. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions. Contributions of assets other than cash are recorded at estimated fair value at the date of the gift.

Western New York Land Conservancy, Inc.
Notes to Financial Statements (continued)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Contributed Services – No amounts have been reflected in the financial statements for contributed services. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in its operations.

Income Taxes – The Organization is a 501(c)(3) corporation exempt from taxation under Section 501(a) of the Internal Revenue Code.

Management Estimates – 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Board Designated Stewardship Cash

Contributions are solicited as unrestricted contributions from all donors of land or conservation easements. A portion of each of these unrestricted contributions is deposited to the Board Designated Stewardship Savings Account. Stewardship contributions are also requested, and in some cases required, for Purchase of Development Rights projects when the Western New York Land Conservancy will hold or co-hold easements. The Organization strives to maintain a stewardship fund balance sufficient to insure that resources will be always available to monitor, protect and defend its properties, easements and other interests.

3. Restricted Cash and Cash Equivalents

As of December 31, 2004 and 2003, cash in the amount of \$86,219 and \$67,236, respectively, is restricted for use on conservation and environmental mitigation activities. Of this amount, \$33,667 and \$31,697 was held by the Northern Chautauqua Community Foundation and the Community Foundation for Greater Buffalo on behalf of the Organization at December 31, 2004 and 2003, respectively. With the exception of three grants received late in 2004, restricted cash is held in separate checking and savings accounts. Cash is available as needed to fund land acquisitions or other conservation projects.

Western New York Land Conservancy, Inc.
Notes to Financial Statements (continued)

4. Significant Concentrations of Credit Risk and Major Contributors

Cash deposited at financial institutions potentially subjects the Organization to concentrations of credit risk as cash may exceed federally insured limits at various times throughout the year. The maximum loss that would result from the risk totals \$55,598 at December 31, 2004. This amount represents the excess of the deposit liabilities reported by the banks over the amount that would be covered by federal insurance. The Organization also invests in money market accounts which are not federally insured. The maximum loss that would result from the risk totals \$20,893 at December 31, 2004. As of December 31, 2004, the Organization held \$33,667 in community foundation funds, which are at risk.

At December 31, 2004, the Organization had an amount receivable from one source of \$19,273, or 59% of total amounts receivable. At December 31, 2003, one source accounted for \$16,000, or 94% of total amounts receivable. The Organization had support from one major source which accounted for \$40,000, or 20% of total support for the year ended December 31, 2004, and from another source which accounted for \$17,212, or 20% of total support for the year ended December 31, 2003.

5. Long-Term Pledges Receivable

Pledges payable in:

2006	\$	5,850	
2007		900	
		6,750	

6. Property and Equipment, net

	2004	2003
Land	\$ 566,767	\$ 629,514
Buildings	115,590	98,447
Office equipment	26,650	23,613
	709,007	751,574
Less accumulated depreciation	21,350	22,863
	\$ 687,657	\$ 728,711

Western New York Land Conservancy, Inc.
Notes to Financial Statements (continued)

7. Land Transfer

During 2004, the Organization transferred one-half interest in a property to another not-for-profit organization. The one-half interest was valued at \$67,948, which amount was one-half of the original acquisition cost. In accordance with an agreement between the parties and New York State, the organizations hold the property jointly with an easement to be held by New York State. The property is permanently restricted.

8. Conservation Easements

Conservation easements are legal documents recorded with the county clerk in accordance with New York State law. A conservation easement places legally enforceable, permanent restrictions on the development and other uses of property. Conservation easements are negotiated between the landowner and the organization based on the conservation values of the property and the wishes of the landowner. By accepting a conservation easement, the organization is responsible for ensuring compliance with the easement and the associated legal costs of enforcement in perpetuity.

9. Legal Fee Reimbursement

On April 11, 2005, the Organization received a reimbursement of legal fees previously incurred in the amount of \$25,897. This amount has been reflected in the financial statements as of December 31, 2004 as a receivable of \$19,273 and a reduction of balances due as of December 31, 2004 for outstanding legal fees payable in the amount of \$6,624.

10. Contingencies

Stewardship fees receivable and related income of approximately \$70,000 are excluded from the financial statements for the years ended December 31, 2004 and 2003. This potential receivable and related income and the associated conservation easement are in litigation. Costs associated with the litigation could have a significant impact on stewardship funds and other unrestricted cash reserves.

Supplementary Information

Western New York Land Conservancy, Inc.

Schedules of Expenses

for the years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Salaries	\$ 53,496	\$ 32,284
Campaign to save farmland	8,500	0
Professional fees	7,094	17,628
Payroll taxes and employee benefits	7,580	5,522
Newsletters, printing and postage	6,388	7,262
Depreciation	6,088	5,144
Stewardship	5,093	194
Baseline reports	4,700	12,491
Conferences and meetings	4,432	2,051
Dues and publications	4,035	3,413
Telecommunications	3,270	2,302
Office supplies	2,929	2,557
Insurance	2,235	1,832
Rent	2,222	2,222
Equipment	1,437	0
Travel	1,366	395
Property taxes	1,320	3,602
Special events	1,110	2,429
Utilities	1,088	1,002
Write-off of uncollectible grants and pledges	250	0
Acquisition fees	177	472
Loss on sale of property and equipment	0	8,258
Miscellaneous	177	521
	<u>\$ 124,987</u>	<u>\$ 111,581</u>

See report of independent accountants.