

**WESTERN NEW YORK LAND
CONSERVANCY, INC.**

Financial Statements

December 31, 2006

WESTERN NEW YORK LAND CONSERVANCY, INC.
TABLE OF CONTENTS TO FINANCIAL STATEMENTS
December 31, 2006

Financial Statements

Page

Accountant's Review Report

1

Statement of Financial Position

2

Statement of Activities

3

Statement of Cash Flows

4

Notes to Financial Statements

5 - 7

Supplementary Information

Schedule 1 - Schedule of General and Administrative Expenses

8

ACCOUNTANT'S REVIEW REPORT

Board of Trustees of
Western New York Land Conservancy, Inc.

We have reviewed the accompanying statement of financial position of Western New York Land Conservancy, Inc. as of December 31, 2006, and the related statements of activities and cash flows, for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Western New York Land Conservancy, Inc.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with U.S. generally accepted accounting principles.

Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with U.S. generally accepted accounting principles. The information included in the accompanying schedule of general and administrative expenses are presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Gaines Kriner Elliott LLP

August 8, 2007

WESTERN NEW YORK LAND CONSERVANCY, INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2006

	<u>2006</u>
ASSETS	
Current	
Cash and cash equivalents	\$ 231,323
Restricted cash and cash equivalents	124,042
Pledges receivable, current maturities	3,050
Total current	<u>358,415</u>
Long-Term Pledges Receivable	1,200
Property and Equipment, net	<u>647,084</u>
	<u>\$ 1,006,699</u>
 LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 11,148
Accrued expenses	1,485
Total current	<u>12,633</u>
Net Assets	
Unrestricted	260,706
Temporarily restricted	83,609
Permanently restricted	649,751
Total net assets	<u>994,066</u>
	<u>\$ 1,006,699</u>

See Accountant's Review Report
The accompanying notes are an integral part of these financial statements.

WESTERN NEW YORK LAND CONSERVANCY, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2006

	2006			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and Revenue				
Contributions	\$ 21,440	\$ 6,000	\$ -	\$ 27,440
Membership dues	17,530	3,925	-	21,455
Stewardship	87,847	-	-	87,847
Grants	-	45,600	-	45,600
Interest income and net realized gains	6,909	-	4,158	11,067
Gain on sale of land	15,750	-	-	15,750
Miscellaneous	8,090	5,375	-	13,465
Net assets released from restrictions	21,173	(32,460)	11,287	-
Total support and revenue	178,739	28,440	15,445	222,624
Operating Expenses	122,420	-	-	122,420
Increase in net assets	56,319	28,440	15,445	100,204
Net Assets - Beginning	204,387	55,169	634,306	893,862
Net Assets - Ending	<u>\$ 260,706</u>	<u>\$ 83,609</u>	<u>\$ 649,751</u>	<u>\$ 994,066</u>

See Accountant's Review Report
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WESTERN NEW YORK LAND CONSERVANCY, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2006

	<u>2006</u>
Net Cash From Operating Activities:	
Increase in net assets	\$ 100,204
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	7,147
Gain on sale of property	(15,750)
Changes in operating assets and liabilities:	
Receivables	8,915
Accounts payable	7,310
Accrued expenses	233
Net cash provided by operating activities	<u>108,059</u>
Cash Flows From Investing Activities:	
Proceeds from sale of land	59,175
Purchases of property and equipment	(16,647)
Cash restricted for land conservation activities	(36,683)
Net cash provided by investing activities	<u>5,845</u>
Net increase in cash	113,904
Unrestricted Cash and Cash Equivalents, Beginning of Year	<u>117,419</u>
Unrestricted Cash and Cash Equivalents, End of Year	<u>\$ 231,323</u>

See Accountant's Review Report
The accompanying notes are an integral part of these financial statements.

WESTERN NEW YORK LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 - THE ORGANIZATION

Organization - 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 and contributions from individuals, businesses and government agencies.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Organization are prepared using the accrual basis of accounting. 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, Pledges and Grants Receivable - Contributions, pledges and grants receivable represent unconditional promises to give to the Organization. At December 31, 2006, other than long-term pledges receivable, all contributions, pledges and grants receivable are due in less than one year. Based upon management's review of contributions receivable, no allowance for uncollectible promises to give is considered necessary at December 31, 2006.

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. 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 and projects that have not been used for the intended purpose at year-end. When the intended purpose is satisfied the assets are released from temporarily restricted net assets. Permanently restricted net assets include donor and Board of Director designated restricted contributions whose use is restricted for land acquisitions and other specific projects 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.

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.

WESTERN NEW YORK LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

NOTE 3 - 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 in a 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. These funds are included in unrestricted cash and cash equivalents. The Organization strives to maintain a stewardship fund balance sufficient to insure that resources will be available to monitor, protect and defend its properties, easements and other interests.

NOTE 4 - RESTRICTED CASH AND CASH EQUIVALENTS

As of December 31, 2006, cash in the amount of \$ 124,042 is restricted for use on conservation and environmental mitigation activities. Of this amount, \$ 41,633 was held by the Northern Chautauqua Community Foundation and the Community Foundation for Greater Buffalo on behalf of the Organization at December 31, 2006, these funds are considered to be permanently restricted. Restricted cash is held in separate accounts. Cash is available as needed to fund land acquisitions or other conservation projects.

NOTE 5 - 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 \$ 213,732 as of December 31, 2006. This amount represents the excess of the deposit liabilities reported by the banks over the amount that would be covered by federal insurance. As of December 31, 2006, the Organization had \$ 41,633 in community foundation funds, which are also at risk. Support from membership, contributions and grants for 2006 totaled \$ 94,495. Of this amount, \$ 20,000 or 21% came from one source. In 2006, three other sources provided \$15,600 or 16.5%, \$ 9,000 or 9.5% and \$ 5,000 or 5%. No other sources during the year contributed more than 5%.

WESTERN NEW YORK LAND CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2006</u>	<u>Depreciable Lives</u>
Land	\$ 522,378	-
Building	131,830	15-39 Years
Office equipment	<u>28,735</u>	3-7 Years
	982,943	
Less: Accumulated depreciation	<u>(35,859)</u>	
Total	<u>\$ 677,084</u>	

Depreciation expense for the year ended December 31, 2006 was \$7,147.

NOTE 7 - 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.

NOTE 8 - CONTINGENCIES

On June 2, 2006 a lawsuit against the Organization was filed by Cullenwood Farms LLC, the owner of land that is surrounded by the Organization's Kenneglenn Nature Preserve ("Kenneglenn"). On January 16, 2007, the Organization filed a responding lawsuit against John S. Cullen and Cullenwood Farms, LLC. Both actions concern Kenneglenn. The lawsuit against the Organization attempts to place restrictions on the Organization's use of Kenneglenn and also claims unspecified damages. The Organization's responding lawsuit seeks to restrict the plaintiff's alleged unauthorized use of Kenneglenn and seeks at least \$1,000,000 in damages. Both lawsuits are currently in discovery and counsel is unable to predict the likelihood of any financial payment or recovery as a result of these lawsuits. Costs associated with this litigation could have a significant impact on stewardship funds and other unrestricted cash reserves.

WESTERN NEW YORK LAND CONSERVANCY, INC.
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
For the year ended December 31, 2006

	<u>2006</u>
Salaries	\$ 59,437
Conferences and meetings	9,786
Depreciation	7,147
Professional fees	6,291
Newsletters, printing and postage	5,378
Rent	4,679
Payroll taxes and employee benefits	4,667
Telecommunications	3,230
Stewardship	3,194
Special events	3,155
Utilities	3,054
Office supplies	2,770
Equipment (Maintenance & Repair)	2,667
Insurance	2,522
Dues and publications	2,367
Property taxes	918
Travel	589
Acquisition fees	352
Miscellaneous	155
Baseline reports	62
	<u>\$ 122,420</u>

See Accountant's Review Report