

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

**FINANCIAL STATEMENTS**

**December 31, 2007**

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

**TABLE OF CONTENTS**

**December 31, 2007**

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<u>Financial Statements</u>	<u>Page</u>
Accountant's Review Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 7
 <u>Supplementary Information</u>	
Schedule 1 - Schedules of General and Administrative Expenses	8

ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Western New York Land Conservancy, Inc.

We have reviewed the accompanying statements of financial position of Western New York Land Conservancy, Inc. as of December 31, 2007 and 2006, and the related statements of activities, and cash flows for the years 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 reviews, 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 reviews were 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 schedules of general and administrative expenses is 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*

October 21, 2008

**WESTERN NEW YORK LAND CONSERVANCY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of December 31, 2007 and 2006**

<b>ASSETS</b>	<u>2007</u>	<u>2006</u>
Current		
Cash and cash equivalents	\$ 204,755	\$ 231,323
Restricted cash and cash equivalents (Note 4)	93,253	82,409
Beneficial interest in funds held by unrelated foundations (Note 5)	40,675	41,633
Pledges receivable, current maturities	<u>8,909</u>	<u>3,050</u>
Total current	347,592	358,415
Long-Term Pledges Receivable	14,918	1,200
Property and Equipment, net (Note 7)	<u>597,229</u>	<u>647,084</u>
	<u>\$ 959,739</u>	<u>\$ 1,006,699</u>
 <b>LIABILITIES AND NET ASSETS</b>  		
Current Liabilities		
Accounts payable	\$ 129	\$ 11,148
Accrued expenses	<u>1,782</u>	<u>1,485</u>
Total current liabilities	1,911	12,633
Net Assets		
Unrestricted	248,593	260,527
Temporarily restricted	108,171	83,609
Permanently restricted	<u>601,064</u>	<u>649,930</u>
Total net assets	957,828	994,066
	<u>\$ 959,739</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.**

**STATEMENTS OF ACTIVITIES**

For the year ended December 31, 2007

(with summarized financial information for the year ended December 31, 2006)

	2007			Total	2006 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Support and Revenue					
Contributions	\$ 20,157	\$ 7,250	\$ -	\$ 27,407	\$ 27,440
Membership dues	25,029	24,902	-	49,931	21,455
Stewardship	14,621	-	-	14,621	87,847
Grants	-	28,400	-	28,400	45,600
Interest income and net realized gains	7,065	2,435	3,864	13,364	11,067
Gain on sale of land	-	-	-	-	15,750
Miscellaneous	32,776	8,944	3	41,723	13,465
Net assets released from restrictions	52,191	(47,369)	(4,822)	-	-
Total support and revenue	151,839	24,562	(955)	175,446	222,624
General and Administrative Expenses	163,773	-	3,734	167,507	122,420
Land Transfer (Note 10)	-	-	44,177	44,177	-
(Decrease)/increase in net assets	(11,934)	24,562	(48,866)	(36,238)	100,204
Net Assets - Beginning of year	260,527	83,609	649,930	994,066	893,862
Net Assets - End of year	<u>\$ 248,593</u>	<u>\$ 108,171</u>	<u>\$ 601,064</u>	<u>\$ 957,828</u>	<u>\$ 994,066</u>

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

**WESTERN NEW YORK LAND CONSERVANCY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the years ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities:		
(Decrease)/increase in net assets	\$ (36,238)	\$ 100,204
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	7,331	7,147
Gain on sale of property and equipment	-	(15,750)
Changes in operating assets and liabilities:		
Receivables	(19,577)	8,915
Accounts payable	(11,019)	7,310
Accrued expenses	<u>297</u>	<u>233</u>
Net cash (used for)/provided by operating activities	(59,206)	108,059
Cash Flows from Investing Activities:		
Proceeds from sale of property	44,177	59,175
Purchases of property and equipment	(1,653)	(16,647)
Beneficial interest in funds held by other foundations	958	(4,158)
Cash restricted for land conservation activities	<u>(10,844)</u>	<u>(32,525)</u>
Net cash provided by investing activities	<u>32,638</u>	<u>5,845</u>
Net (decrease)/increase in cash	(26,568)	113,904
Cash and Cash Equivalents, Beginning of Year	<u>231,323</u>	<u>117,419</u>
Cash and Cash Equivalents, End of Year	<u>\$ 204,755</u>	<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, 2007 and 2006**

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**NOTE 1- THE 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 awarded. 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. Contributions, pledges, and grants receivable, which are not expected to be collected within one year from the balance sheet date, are classified as long-term pledges receivable. Based upon management's review of contributions receivable, no allowance for uncollectible promises to give is considered necessary at December 31, 2007 and 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.

**Contributions, Support, and Net Assets** - 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. Contributions of assets other than cash are recorded at estimated fair value at the date of the gift. 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.

**Prior Year Financial Statements** - The 2006 statement of activities includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

**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 U.S. generally accepted accounting principles 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.

**Reclassifications** - Certain reclassifications have been made to the 2006 financial statements in order to conform to the 2007 presentation. Such reclassifications had no effect on the reported change in net assets.

See Accountant's Review Report

**WESTERN NEW YORK LAND CONSERVANCY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2007 and 2006**

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**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. As of December 31, 2007 and 2006, this amounted to approximately \$198,000 and \$229,000, respectively.

**NOTE 4 - RESTRICTED CASH AND CASH EQUIVALENTS**

As of December 31, 2007 and 2006, cash in the amount of \$93,253 and \$82,409, respectively, is restricted for use on conservation and environmental mitigation activities. Cash is available as needed to fund land acquisitions or other conservation projects.

**NOTE 5 - BENEFICIAL INTEREST IN FUNDS HELD BY UNRELATED FOUNDATIONS**

Funds were held by the Northern Chautauqua Community Foundation and the Community Foundation for Greater Buffalo on behalf of the Organization as of December 31, 2007 and 2006, in the amount of \$40,675 and \$41,633, respectively. Funds in the Community Foundations are considered to be permanently restricted and valued at the underlying fair market value.

**NOTE 6 - 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 \$198,008 as of December 31, 2007. 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, 2007, the Organization had \$40,675 in community foundation funds, which are also at risk.

Support from membership, contributions and grants for 2007 totaled \$105,738. Of this amount, \$15,000 or 14% came from one source. In 2006, support from membership, contributions and grants totaled \$94,495. Of this amount, \$20,000 or 21% came from one source.

**NOTE 7 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	<u>2007</u>	<u>2006</u>	<u>Depreciable Lives</u>
Land	\$ 478,205	\$ 522,378	
Buildings	131,830	131,830	15 - 39 Years
Office equipment	<u>21,866</u>	<u>28,735</u>	3 - 7 Years
	631,901	682,943	
Less: Accumulated depreciation	<u>34,672</u>	<u>35,859</u>	
	<u>\$ 597,229</u>	<u>\$ 647,084</u>	

Depreciation expenses for the year ended December 31, 2007 and 2006 were \$7,331 and \$7,147, respectively.

See Accountant's Review Report

# WESTERN NEW YORK LAND CONSERVANCY, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

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### NOTE 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.

### NOTE 9 - CONTINGENCIES

On June 2, 2006, a lawsuit against the Organization was filed by Cullenwood Farms, LLC, the owner of the 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. 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. The trial of the actions commenced on February 11, 2008. On that day, Cullen and Cullenwood advised the Court that they would not be proceeding with the lawsuit against the Organization and the Cullenwood lawsuit was dismissed with prejudice and on the merits. On February 29, 2008, the jury returned a verdict in favor of the Organization for \$155,923 in compensatory damages and \$500,000 in punitive damages. A judgment in this action will be entered but will in all likelihood be appealed by Cullen and Cullenwood. Costs associated with this litigation could have a significant impact on stewardship funds and other unrestricted cash reserves.

### NOTE 10 - LAND TRANSFER

During 2007, the Organization transferred its interest in two properties to another not-for-profit organization, Buffalo Audubon Society. The transferred properties were valued at \$44,177, which was the original acquisition cost. This transfer was in accordance with the original agreement between the Organization and Buffalo Audubon Society entered into prior to the properties being acquired by the Organization. The properties are subject to permanent use restrictions held by the United States Fish and Wildlife Service and will be further protected by a conservation easement to be given by the Buffalo Audubon Society to the Organization.

See Accountant's Review Report

**WESTERN NEW YORK LAND CONSERVANCY, INC.**  
**SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES**  
**For the years ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Salaries	\$ 71,738	\$ 59,437
Professional fees	42,241	6,291
Newsletters, printing, and postage	8,286	5,378
Depreciation	7,331	7,147
Payroll taxes and employee benefits	5,629	4,667
Rent	4,824	4,679
Insurance	3,466	2,522
Utilities	3,286	3,054
Telecommunications	3,063	3,230
Conferences and meetings	2,943	9,786
Dues and publications	2,767	2,367
Baseline reports	2,491	62
Office supplies	2,365	2,770
Acquisition fees	1,715	352
Maintenance & repair - equipment	1,431	2,667
Stewardship	1,057	3,194
Travel	843	589
Special events	673	3,155
Miscellaneous	472	-
Uncollected pledges	450	-
Property taxes	221	918
Bank fees	215	155
	<u>\$ 167,507</u>	<u>\$ 122,420</u>

See Accountant's Review Report