

VENTANA WILDLIFE SOCIETY

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2007 AND 2006
WITH INDEPENDENT AUDITORS' REPORT**

VENTANA WILDLIFE SOCIETY

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Dunlap, Steinbruner & Lubow
certified public accountants, inc.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Ventana Wildlife Society
Salinas, California

We have audited the accompanying statement of financial position of Ventana Wildlife Society, as of March 31, 2007, and the related statements of activities, functional expenses and cash flows for the year 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 audit. The financial statements of Ventana Wildlife Society as of March 31, 2006, were audited by other auditors whose report dated September 20, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 audit provides 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 Ventana Wildlife Society as of March 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Dunlap Steinbruner & Lubow

DUNLAP, STEINBRUNER & LUBOW
Certified Public Accountants, Inc.

January 31, 2008

VENTANA WILDLIFE SOCIETY
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2007 AND 2006

(See notes to financial statements)

ASSETS

	2007	2006
Cash	\$ 15,257	\$ 30,219
Grants receivable	112,251	168,124
Investments	-	89,268
Deposits	4,383	4,383
Property and equipment, net	1,032,580	498,916
Total assets	\$ 1,164,471	\$ 790,910

LIABILITIES AND NET ASSETS

Accounts payable and accrued compensation	\$ 63,921	\$ 47,649
Deferred revenue	5,150	8,615
Total liabilities	69,071	56,264
Net assets		
Unrestricted	1,095,400	734,646
Total liabilities and net assets	\$ 1,164,471	\$ 790,910

VENTANA WILDLIFE SOCIETY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MARCH 31, 2007 AND 2006

(See notes to financial statements)

	<u>2007</u>	<u>2006</u>
REVENUE, GAINS AND OTHER SUPPORT		
Foundation and corporate grants	\$ 439,701	\$ 297,212
Contributed real property	370,000	277,500
Contributions and bequests	292,856	125,600
Government grants	156,399	268,649
In-kind contributions	18,160	33,578
	<u>1,277,116</u>	<u>1,002,539</u>
Program service revenues	40,854	34,825
Membership fees	32,681	37,616
Special events, net	3,697	-
	<u>77,232</u>	<u>72,441</u>
Other revenue (expenses)		
Investment income	6,009	4,262
Other expenses	(4,317)	-
Gain on asset disposal	4,712	880
	<u>6,404</u>	<u>5,142</u>
Total revenue, gains and other support	<u>1,360,752</u>	<u>1,080,122</u>
EXPENSES		
Program services	795,684	729,865
Management and general	115,056	134,453
Fundraising	89,258	70,265
	<u>999,998</u>	<u>934,583</u>
Total expenses	<u>999,998</u>	<u>934,583</u>
CHANGE IN NET ASSETS	360,754	145,539
NET ASSETS		
Beginning of year	<u>734,646</u>	<u>589,107</u>
End of year	<u>\$ 1,095,400</u>	<u>\$ 734,646</u>

VENTANA WILDLIFE SOCIETY
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED MARCH 31, 2007 AND 2006

(See notes to financial statements)

	2007			2006				
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
EXPENSES								
Salaries	\$ 340,298	\$ 58,066	\$ 61,129	\$ 459,493	\$ 297,355	\$ 60,355	\$ 50,294	\$ 408,004
Employee benefits	24,709	8,178	4,743	37,630	25,847	2,549	4,073	32,469
Payroll taxes	27,553	4,212	4,945	36,710	28,083	7,990	4,290	40,363
Workers' compensation	16,814	350	350	17,514	18,100	2,141	331	20,572
Total salaries and related expenses	409,374	70,806	71,167	551,347	369,385	73,035	58,988	501,408
Depreciation	49,167	12,509	-	61,676	55,259	13,815	-	69,074
Auto and staff travel	56,769	5,527	1,831	64,127	44,404	1,894	1,325	47,623
Supplies	23,673	1,934	1,539	27,146	36,212	4,572	1,957	42,741
Rent	44,572	4,812	2,071	51,455	35,156	5,747	-	40,903
Volunteer travel	47,003	-	-	47,003	46,937	608	457	48,002
Contract services	36,481	-	4,370	40,851	17,066	17,593	-	34,659
Professional services	31,058	251	285	31,594	30,403	360	10	30,773
Equipment rental	16,181	643	768	17,592	13,757	320	320	14,397
In-kind goods and services	14,740	823	338	15,901	9,245	2,230	240	11,715
Accounting and legal	11,349	4,356	95	15,800	9,583	3,383	983	13,949
Insurance	10,486	2,325	403	13,214	11,177	2,751	95	14,023
Telephone	8,171	1,667	1,442	11,280	10,839	1,357	1,253	13,449
Staff development	3,445	4,393	740	8,578	3,677	2,388	804	6,869
Printing	5,033	1,010	1,010	7,053	11,935	1,585	1,497	15,017
Postage and shipping	4,548	808	807	6,163	5,364	822	104	6,290
Aerial tracking	5,938	-	-	5,938	1,190	-	1,856	3,046
Miscellaneous	3,819	1,085	369	5,273	1,739	400	181	2,320
Membership	2,195	690	1,484	4,369	2,806	621	-	3,427
Conference and meetings	2,019	777	232	3,028	1,890	399	-	2,289
Permits and licenses	2,475	382	63	2,920	2,146	373	-	2,519
Maintenance	2,915	-	-	2,915	5,937	-	-	5,937
Utilities	2,010	-	-	2,010	1,989	-	-	1,989
Advertising and promotion	1,666	28	39	1,733	1,570	108	128	1,806
Dues and subscriptions	597	230	205	1,032	199	92	67	1,358
	\$ 795,684	\$ 115,056	\$ 89,258	\$ 999,998	\$ 729,865	\$ 134,453	\$ 70,265	\$ 934,583

VENTANA WILDLIFE SOCIETY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2007 AND 2006

(See notes to financial statements)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 360,754	\$ 145,539
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	61,676	69,074
Contributed real property	(370,000)	(277,500)
Contributed software	-	(20,000)
Gain (loss) on disposal of property and equipment	(4,712)	(750)
(Increase) decrease in		
Grants receivable	55,873	(47,559)
Contracts receivable	-	139,309
Refunds receivable	-	1,745
Accounts payable and accrued compensation	16,272	929
Contracts payable	-	(103,748)
Deferred revenue	(3,465)	2,855
	<u>116,398</u>	<u>(90,106)</u>
Net cash used by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	89,268	81,011
Purchases of property and equipment	(237,284)	(20,561)
Proceeds from sale of property	16,656	750
	<u>(131,360)</u>	<u>61,200</u>
Net cash provided by investing activities		
Net increase in cash	(14,962)	(28,906)
CASH		
Beginning of year	<u>30,219</u>	<u>59,125</u>
End of year	<u>\$ 15,257</u>	<u>\$ 30,219</u>

VENTANA WILDLIFE SOCIETY

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

Ventana Wildlife Society is a nonprofit organization established in 1977. The Organization's current programs include species recovery, habitat restoration and, education and outreach. Through its conservation ecology and habitat restoration programs the Organization works to maintain wildlife diversity by keeping common animals common. Species recovery efforts are geared toward the restoration of individual species of native wild animals. One of its main past programs was the reintroduction of the bald eagle to the central coast of California, which led to work on the endangered California condor. The Organization maintains several condor rearing and release facilities in the region as well. The Organization performs research and education at the Big Sur Ornithology Lab in Big Sur, California as well as at numerous other sites throughout central California.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation – The financial statements have been prepared on the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when the related liability is incurred. The Organization reports information regarding its financial position and activities according to the following three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no temporarily or permanently restricted net assets at March 31, 2007 and 2006.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support in the statement of activities and changes in net assets.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash – Cash includes demand deposit accounts, money market accounts and cash on hand. At times, these accounts may exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes they are not exposed to any significant credit risk with respect to cash.

Grants and contributions – Grants are recorded when services are performed under the grant. Contributions are recorded when received. Receivables consist primarily of grants receivable. No allowance for bad debts has been recorded since the Organization has not experienced material amounts of bad debt in the past and expects all receivables to be fully collectible.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services – Volunteers have donated significant amounts of time in support of the Organization's activities. However, the value of these services is not reflected in the accompanying statements, as these services do not meet the criteria for recognition as set forth under accounting principles generally accepted in the United States of America.

Investments - Investments are measured at market value in the statement of financial position and consisted of mutual fund securities at March 31, 2006. The fair values are based on quoted market prices. Gains and losses on disposition of investments are accounted for on a specific identification bases. Net realized and unrealized gains and losses are included in the statement of activities.

Property and equipment – Property and equipment are stated at cost, if purchased, or estimated fair market value when received, if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property or equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets are to be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in their specified service, at which time the temporarily restricted net assets are reclassified as unrestricted.

Major improvements are capitalized; maintenance and repairs which do not extend the useful life of the respective assets are expensed. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets from five to thirty years.

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS

PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	<u>2007</u>	<u>2006</u>
Land	\$ 847,500	\$ 277,500
Building	132,738	132,738
Furniture and equipment	163,351	169,443
Leasehold improvements	9,555	9,555
Vehicles	94,495	104,740
Construction in progress	<u>28,364</u>	<u>-</u>
	1,276,003	693,976
Accumulated depreciation	<u>(243,423)</u>	<u>(195,060)</u>
	<u>\$1,032,580</u>	<u>\$ 498,916</u>

INCOME TAXES

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, and is classified as other than a private foundation.

OPERATING LEASE

The Organization leases office facilities under operating agreements that require monthly rents. In 2006, the Organization entered into a tenants in common agreement for the use of property in Big Sur. Rent payments under this agreement consist of payment of the property taxes, all charges associated with water testing and annual water permit, cost of maintenance of the water system and USDA Forest Service annual road fees. In addition, the Organization is required to maintain insurance.

Rental expenses under these agreements totaled \$51,455 and \$40,903, for the years ended March 31, 2007 and 2006, respectively. Future obligations to pay under these agreements are \$46,596 for the year ending March 31, 2008 plus the fees incurred to maintain the Big Sur property.

VENTANA WILDLIFE SOCIETY
NOTES TO FINANCIAL STATEMENTS

FUNDS HELD AT COMMUNITY FOUNDATION

The Community Foundation for Monterey County (CFMC) holds endowment funds for the Organization. Under the terms of the restricted endowment fund agreement, the Board of Governors of CFMC has full authority as to the investment and reinvestment of the fund assets. The organization or other donors may add additional gifts to the fund at any time. The earnings payout of the fund is evaluated at least annually by CFMC taking into account the total return from investments, fees, expenses and the effects of inflation. The market value of the Organization's share of the pooled investments as of March 31, 2007 and 2006 was \$19,595 and \$17,793, respectively.

These balances are not reflected in the accompanying financial statements as the funds do not fall under the recognition requirements of Statement of Financial Accounting Standards (SFAS) No. 136.