

THE OJAI VALLEY LAND CONSERVANCY

Audit Report and Financial Statements September 30, 2014

Prepared by:

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The Ojai Valley Land Conservancy
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To the Board of Directors of
The Ojai Valley Land Conservancy
Ojai, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

I have audited the accompanying statement of financial position of The Ojai Valley Land Conservancy (a California nonprofit organization) as of September 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considered internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Ojai Valley Land Conservancy as of September 30, 2014, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

January 27, 2015

The Ojai Valley Land Conservancy
Statement of Financial Position
As of September 30, 2014

	2014
ASSETS	
Cash and Cash Equivalents (Note 3 and 4)	\$ 971,935
Investments (Note 3)	478,935
Pledges Receivable (\$51,541 Due within one year and \$2,000 due after one year and before five years)	53,541
Grants and Contracts Receivable	328,547
Inventory, at Cost	120
Deposits	8,996
Property and Equipment (Note 3 & 6)	7,751,236
Accumulated Depreciation (Note 3 & 6)	(281,970)
TOTAL ASSETS	\$ 9,311,340
 LIABILITIES AND NET ASSETS	
Accounts Payable	\$ 2,457
Accrued Payroll and Related Liabilities	14,732
Accrued Vacation	19,243
Credit Cards Payable	2,248
Deferred Revenue	733,724
Deposits	3,500
Total Liabilities	775,904
Net Assets:	
Unrestricted	8,208,590
Temporarily Restricted (Note 11)	300,064
Permanently Restricted (Note 11)	26,782
Total Net Assets	8,535,436
TOTAL LIABILITIES AND NET ASSETS	\$ 9,311,340

The Ojai Valley Land Conservancy
Statement of Activities
For the Year Ended September 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014
SUPPORT AND REVENUE				
Support				
Grant and Contract Revenue	\$ 1,447,788			\$ 1,447,788
Contribution Income	433,231	\$ 30,856		464,087
Special Events, Net of Direct Costs of \$0	14,285			14,285
Release from Restrictions	<u>76,497</u>	<u>(76,497)</u>		<u>0</u>
Total Support	<u>1,971,801</u>	<u>(45,641)</u>		<u>1,926,160</u>
Revenue				
Rental Income (Note 7)	42,000			42,000
Investment Income	11,058			11,058
Unrealized Gain/(Loss)	44,860			44,860
Other	<u>1,264</u>			<u>1,264</u>
Total Revenues	<u>99,182</u>			<u>99,182</u>
Total Support and Revenue	<u>2,070,983</u>	<u>(45,641)</u>		<u>2,025,342</u>
EXPENSES				
Program Services	1,025,575			1,025,575
Management and General	67,180			67,180
Fundraising	<u>33,533</u>			<u>33,533</u>
Total Expenses	<u>1,126,288</u>			<u>1,126,288</u>
CHANGE IN NET ASSETS	944,695	(45,641)		899,054
NET ASSETS AT BEGINNING OF YEAR	<u>7,263,895</u>	<u>345,705</u>	<u>\$ 26,782</u>	<u>7,636,382</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,208,590</u>	<u>\$ 300,064</u>	<u>\$ 26,782</u>	<u>\$ 8,535,436</u>

The Ojai Valley Land Conservancy
Statement of Cash Flows
For the Year Ended September 30, 2014

	2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 899,054
Adjustments to Reconcile Net Income to Net Cash Provided/(Used) by Operating Activities	
Unrealized (Gain)/Loss on Investments	(44,860)
Bad Debts	7,200
Depreciation	73,529
(Increase)/Decrease in Assets	
Pledges Receivable	63,320
Grants and Contracts Receivable	(189,528)
Deposits	606
Increase/(Decrease) in Liabilities	
Accounts Payable	(13,491)
Accrued Payroll and Related Liabilities	1,751
Accrued Vacation	5,297
Credit Cards Payable	(152)
Deferred Revenue	(397,923)
Deposits	<u>3,500</u>
Total Adjustments	<u>(490,751)</u>
NET CASH PROVIDED/(USED) BY OPERATIONS	<u>408,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Land, Buildings or Equipment	(877,913)
Proceeds from the Sale of Investments	229,667
Purchases of Investments	<u>(121,663)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(769,909)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(361,606)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,333,541</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	<u><u>\$ 971,935</u></u>

The Ojai Valley Land Conservancy

Notes to Financial Statements

September 30, 2014

Note 1 - NATURE OF OPERATIONS

The Ojai Valley Land Conservancy ("Organization") is a nonprofit California corporation providing open space preservation for the benefit of the Ojai Valley community. The Organization supports its programs through public contributions as well as grants and contracts with private and governmental institutions.

Note 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 27, 2015, the date that the financial statements were available to be issued.

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets in accordance with FASB Accounting Codification (ASC) 958-205 and subsections). In addition, the Organization is required to present the statement cash flows.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Public Support and Revenue

Public and private contracts, grants, and contributions are generally available for unrestricted use in the related fiscal year awarded unless specifically restricted by the funding source. Unconditional promises to give are recorded as received.

Amounts received through contributions that are designated for future periods or restricted by the payee for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a temporary restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in demand deposit accounts at banks and cash in money market accounts. Cash equivalents are considered all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

The Ojai Valley Land Conservancy
Notes to Financial Statements
September 30, 2014

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in equity securities with determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported in unrestricted net assets if the restrictions are met either by passage of time or by use in the period in which the income and gains are recognized.

Income Tax Status

The Internal Revenue Service determined the corporation was exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170 (b)(1)(A)(vi). The Franchise Tax Board request for exempt status has been granted under Section 23701(d) and the Organization is registered as an exempt organization with the Secretary of State of California.

The Organization's tax filings are subject to audit by various taxing authorities. The Organization's federal income tax returns for 2010, 2011 and 2012 remain open to examination by the Internal Revenue Service; state income returns for 2009, 2010, 2011 and 2012 are open to examination. In evaluating the Organization's tax provisions and accruals, the Organization believes that its estimates are appropriate based on current facts and circumstances.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions include, but are not limited to:

- depreciation
- allocation of expenses amongst programs and supporting services

It is at least reasonably possible that the significant estimates used will change within the next year.

The Ojai Valley Land Conservancy
Notes to Financial Statements
September 30, 2014

Note 4 - INVESTMENTS

Investments in equity securities with determinable fair values and all investments in debt securities are reported at their fair values. Available-for-sale securities consist of the following:

	Estimated Fair Value	Unrealized Gains	Unrealized Losses
Convertible Bonds	\$ 2,526	\$ 0	\$ 39
Exchange-Traded Products	<u>476,409</u>	<u>48,127</u>	<u>0</u>
Total	<u>\$ 478,935</u>	<u>\$ 48,127</u>	<u>\$ 39</u>

Note 5 - DONATED MATERIALS, SERVICES AND FACILITIES

The Organization records contributions of donated, non-cash assets at their fair values in the period received if they meet one of two criteria. First, the Organization records donated services if they create or enhance non-financial assets (e.g. donated services to improve a facility). Secondly, the Organization records donated services if, 1) they require specialized skills, 2) are provided by individuals possessing those skills, and 3) would typically need to be purchased if not provided by donation.

The Organization received donated services from a variety of unpaid volunteers assisting the Organization. Those services did not meet the criteria for recording in accordance with generally accepted accounting principles. However, those services are an integral part of the Organization's ability to sustain the Organization's program (open space preservation) services.

The Ojai Valley Land Conservancy

Notes to Financial Statements

September 30, 2014

Note 6 - PROPERTY, EQUIPMENT AND DEPRECIATION

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Fixed assets acquired by gift or bequest are recorded at fair value at the date of donation.

The Organization management depreciates using a two hundred percent double declining basis over the estimated useful lives of the assets. As of September 30, 2014, the historical costs and useful lives of such assets were as follows:

	<u>Est. Life</u>	<u>9/30/13</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/14</u>
Furniture and Equipment	7 Yrs.	\$ 14,888			\$ 14,888
Computers and Equipment	5 Yrs.	9,836	\$ 1,196		11,032
Buildings	27.5 Yrs.	1,167,000	139,861		1,306,861
Land		<u>5,681,599</u>	<u>736,856</u>		<u>6,418,455</u>
Total Cost		6,873,323	877,913		7,751,236
Less: Accumulated Depreciation		<u>(208,441)</u>	<u>(73,529)</u>		<u>(281,970)</u>
Net Fixed Assets		<u>\$ 6,664,882</u>	<u>\$ 804,384</u>	<u>\$</u>	<u>\$ 7,469,266</u>

Note 7 - LONG-TERM COMMITMENTS

In September 2007, the Organization entered into a non-cancelable lease commitment for office building located at 111 W. Santa Ana Street, Ojai, California. That lease expires on October 1, 2017, and has a option to extend the lease term an additional five years. Total rental expense under the lease for the year-ended September 30, 2014 is \$19,356.

The following are the future minimum lease commitments.

	<u>Annual Lease Commitments</u>
September 30, 2015	\$ 19,356
September 30, 2016	19,356
September 30, 2017	19,356
September 30, 2018	0
September 30, 2019	0
September 30, 2020 and Thereafter	<u>0</u>
Total	<u>\$ 58,068</u>

The Ojai Valley Land Conservancy
Notes to Financial Statements
September 30, 2014

Note 7 - LONG-TERM COMMITMENTS (Continued)

In May 2014, the Organization entered into a non-cancelable lease commitment for their real property and improvements located at 9548 Santa Ana Road, Ventura, California. That lease expires on June 15, 2015. Total rental revenue under the lease for the year-ended September 30, 2014 is \$22,750.

The following are the future minimum lease commitments.

	<u>Annual Lease Commitments</u>
September 30, 2015	\$ 19,250
September 30, 2016	0
September 30, 2017	0
September 30, 2018	0
September 30, 2019	0
September 30, 2020 and Thereafter	<u>0</u>
Total	<u>\$ 19,250</u>

Note 8 - FINANCIAL INSTRUMENTS

The Organization's financial instruments include cash, cash equivalents and promises to give. These instruments are carried at fair value at September 30, 2014.

Note 9 - CONCENTRATION OF CREDIT AND MARKET RISKS

Cash and equivalents are maintained at various financial institutions with FDIC insurance of up to \$250,000. The Organizations's balance in these accounts, at times, exceed the federally insured limits.

Note 10 - FUNCTIONAL EXPENSES

Direct expenses are charged to the appropriate program (open space preservation) or supporting services. Certain costs have been allocated to program and supporting services based on management's estimates.

The Ojai Valley Land Conservancy
Notes to Financial Statements
September 30, 2014

Note 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following programs or purposes:

	2014
Steelhead Campaign	\$ 15,356
Educational Programs	1,265
Bridge	4,885
Watershed Coordinator	7,073
Cluff Vista Park Renewal Fund	44,669
Valley View Preserve	226,816
 Total	 \$ 300,064

Permanently restricted net assets are available for the following programs or purposes:

	2014
Operational Endowment	\$ 5,822
Ojai Meadows Preserve Endowment	20,960
 Total	 \$ 26,782

Note 12 - RETIREMENT PLAN

The Organization has a Simple IRA Plan ("Plan") to provide retirement and incidental benefits for its employees. The Organization matches employee contributions dollar for dollar to a maximum of 3% of the employee's income.

Organization matching contributions to the Plan totaled \$10,831 in 2014.

Note 13 - CONDITIONAL PLEDGE RECEIVABLE

The Organization has a conditional promise to receive two personal residential properties as of September 30, 2014, representing a secondary beneficiary interest in an revocable living trust. The value of the properties has not been determined as of September 30, 2014. The transfer of the ownership of the properties is conditional upon the failure to comply with the special trust or the death of the primary beneficiaries.