

THE OJAI VALLEY LAND CONSERVANCY

Audit Report and Financial Statements September 30, 2016 With Comparative Totals for 2015

Prepared by:

POINDEXTER AND COMPANY

Certified Public Accountant

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The Ojai Valley Land Conservancy

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September 30, 2016

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POINDEXTER & COMPANY

Certified Public Accountant

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, 2016, 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.

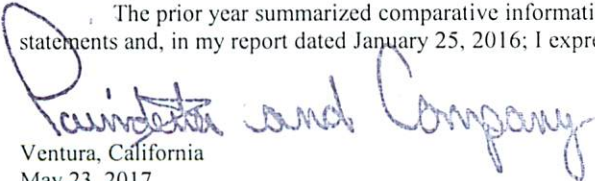
I believe that audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2016, 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.

Other Matters

The prior year summarized comparative information has been derived from the The Ojai Valley Land Conservancy's 2015 financial statements and, in my report dated January 25, 2016; I expressed an unqualified opinion on those financial statements.


Ventura, California
May 23, 2017

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The Ojai Valley Land Conservancy
Statement of Financial Position
As of September 30, 2016
With Comparative Totals for 2015

	2016	2015
ASSETS		
Cash and Cash Equivalents (Note 3)	\$ 889,773	\$ 1,049,978
Investments (Note 3 and 4)	514,036	456,467
Pledges Receivable (\$0 Due within one year and \$0 due after one year and before five years) (Note 3)		3,931
Grants and Contracts Receivable	166,490	207,495
Prepaid Expenses	5,400	2,035
Deposits	5,963	4,212
Property and Equipment (Note 3 & 6)	7,040,263	7,769,483
Accumulated Depreciation (Note 3 & 6)	(413,617)	(361,376)
TOTAL ASSETS	\$ 8,208,308	\$ 9,132,225
 LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 46,262	\$ 20,803
Accrued Payroll and Related Liabilities	20,918	819
Credit Cards Payable	5,091	5,417
Other	100	
Accrued Vacation	22,335	19,243
Deferred Revenue	384,214	541,136
Deposits	3,500	3,500
Total Liabilities	482,420	590,918
Net Assets:		
Unrestricted - Undesignated	7,358,991	8,132,682
Unrestricted - Designated for Easement Defense and Stewardship	60,000	60,000
Unrestricted	7,418,991	8,192,682
Temporarily Restricted (Note 11)	280,115	321,843
Permanently Restricted (Note 11)	26,782	26,782
Total Net Assets	7,725,888	8,541,307
TOTAL LIABILITIES AND NET ASSETS	\$ 8,208,308	\$ 9,132,225

The Ojai Valley Land Conservancy
Statement of Activities
For the Year Ended September 30, 2016
With Comparative Totals for 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016	2015
SUPPORT AND REVENUE					
Support					
Grants and Contracts	\$ 575,490			\$ 575,490	\$ 500,662
Contributions	404,353	\$ 18,000		422,353	462,650
Special Events, Net of Direct Costs of \$0	44,863			44,863	18,626
Release from Restrictions	<u>59,728</u>	<u>(59,728)</u>		<u>0</u>	<u>0</u>
Total Support	<u>1,084,434</u>	<u>(41,728)</u>		<u>1,042,706</u>	<u>981,938</u>
Revenue					
Rental (Note 7)	42,600			42,600	42,000
Investment	7,376			7,376	7,019
Gain/(Loss) on Sale of Investments	16,002			16,002	(70)
Unrealized Gain/(Loss)	38,462			38,462	(21,243)
Other	<u>2,542</u>			<u>2,542</u>	<u>15,229</u>
Total Revenue	<u>106,982</u>			<u>106,982</u>	<u>42,935</u>
Total Support and Revenue	<u>1,191,416</u>	<u>(41,728)</u>		<u>1,149,688</u>	<u>1,024,873</u>
EXPENSE					
Program Services	1,072,717			1,072,717	858,312
Management and General	107,455			107,455	106,982
Fundraising	<u>68,873</u>			<u>68,873</u>	<u>53,708</u>
Total Expense	<u>1,249,045</u>			<u>1,249,045</u>	<u>1,019,002</u>
CHANGE IN NET ASSETS	<u>(57,629)</u>	<u>(41,728)</u>		<u>(99,357)</u>	<u>5,871</u>
NET ASSETS AT BEGINNING OF YEAR	8,192,682	321,843	\$ 26,782	8,541,307	8,535,436
Prior Period Adjustment (Note 14)	<u>(716,062)</u>			<u>(716,062)</u>	<u>0</u>
NET ASSETS AT BEGINNING OF YEAR-RESTATED	<u>7,476,620</u>	<u>321,843</u>	<u>26,782</u>	<u>7,825,245</u>	<u>8,535,436</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,418,991</u>	<u>\$ 280,115</u>	<u>\$ 26,782</u>	<u>\$ 7,725,888</u>	<u>\$ 8,541,307</u>

The Ojai Valley Land Conservancy
Statement of Cash Flows
For the Year Ended September 30, 2016
With Comparative Totals for 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (99,357)</u>	<u>\$ 5,871</u>
Adjustments to Reconcile Net Income to Net Cash Provided/(Used) by Operating Activities		
Bad Debts	4,725	10,000
Depreciation	65,399	79,406
Stock Contribution		(5,443)
Unrealized Gain/(Loss)	(38,462)	21,243
(Increase)/Decrease in Assets		
Pledges Receivable	3,931	39,610
Grants and Contracts Receivable	36,280	121,052
Prepaid Expenses	(3,365)	(2,035)
Inventory		120
Deposits	(1,751)	4,784
Increase/(Decrease) in Liabilities		
Accounts Payable	25,459	18,346
Accrued Payroll and Related Liabilities	20,099	(13,913)
Credit Cards Payable	(326)	3,169
- Other	100	
- Accrued Vacation	3,092	
Deferred Revenue	(156,922)	(192,588)
Total Adjustments	<u>(41,741)</u>	<u>83,751</u>
NET CASH PROVIDED/(USED) BY OPERATIONS	<u>(141,098)</u>	<u>89,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Land, Buildings or Equipment		(18,247)
Proceeds from the Sale of Investments	322,023	13,247
Purchases of Investments	(341,130)	(6,579)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(19,107)</u>	<u>(11,579)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(160,205)	78,043
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,049,978</u>	<u>971,935</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	<u><u>\$ 889,773</u></u>	<u><u>\$ 1,049,978</u></u>

The Ojai Valley Land Conservancy

Notes to Financial Statements

September 30, 2016

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 May 23, 2017, the date that the financial statements were available to be issued.

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Total Funds Column on Prior Year Financial Statements

The total funds column on prior year financial statements is captioned with comparative totals to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles as each individual fund is not presented.

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, 2016

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

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. Information about the fair value of investments and the unrealized gains and losses is discussed in note 4.

Pledges Receivable

The Organization recorded unconditional promises to give cash. The fair value of pledges receivable is measured on a nonrecurring basis using an income approach with estimates of future cash flow based on experience with previous promises to give cash (Level 3 inputs).

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 2012, 2013 and 2014 remain open to examination by the Internal Revenue Service; state income returns for 2011, 2012, 2013 and 2014 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.

The Ojai Valley Land Conservancy
Notes to Financial Statements
September 30, 2016

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Note 4 - INVESTMENTS

Investments in equity securities with determinable fair values and all investments in debt securities are reported at their fair values. The values presented are based on quoted prices in active markets (Level 1 inputs). Available-for-sale securities consist of the following:

	Estimated Fair Value	Unrealized Gains	Unrealized Losses
Exchange-Traded Products	<u>\$ 541,036</u>	<u>\$ 65,002</u>	<u>\$ 0</u>
Total	<u><u>\$ 541,036</u></u>	<u><u>\$ 65,002</u></u>	<u><u>\$ 0</u></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, 2016

Note 6 - PROPERTY, EQUIPMENT AND DEPRECIATION

The Organization follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$2,000. 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, 2016, the historical costs and useful lives of such assets were as follows:

	<u>Est. Life</u>	<u>9/30/15</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/16</u>
Furniture and Equipment	7 Yrs.	\$ 14,888			\$ 14,888
Computers and Vehicles	5 Yrs.	29,279		\$ (3,054)	26,225
Buildings	27.5 Yrs.	1,306,861		(726,166)	580,695
Land		<u>6,418,455</u>			<u>6,418,455</u>
Total Cost		7,769,483		(729,220)	7,040,263
Less: Accumulated Depreciation		<u>(361,376)</u>	<u>\$ (65,399)</u>	<u>13,158</u>	<u>(413,617)</u>
Net Fixed Assets		<u>\$ 7,408,107</u>	<u>\$ (65,399)</u>	<u>\$ (716,062)</u>	<u>\$ 6,626,646</u>

Note 7 - LONG-TERM COMMITMENTS

In September 2007, the Organization entered into a non-cancelable lease commitment for office building located at 370 Baldwin Road, 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, 2016 is \$19,356.

The following are the future minimum lease commitments.

	<u>Annual Lease Commitments</u>
September 30, 2017	\$ 19,356
September 30, 2018	0
September 30, 2019	0
September 30, 2020	0
September 30, 2021	0
September 30, 2022 and Thereafter	<u>0</u>
Total	<u>\$ 19,356</u>

The Ojai Valley Land Conservancy

Notes to Financial Statements

September 30, 2016

Note 7 - LONG-TERM COMMITMENTS (Continued)

The Organization is the lessor of real property and improvements located at 9548 Santa Ana Road, Ventura, California under an operating lease expiring in 2021. Total rental revenue under the lease for the year-ended September 30, 2016 is \$10,800.

Minimum future rentals to be received on non-cancelable leases as of September 30, 2016, for each of the next five years and in the aggregate are:

	<u>Annual Lease Commitments</u>
September 30, 2017	\$ 43,200
September 30, 2018	43,524
September 30, 2019	44,496
September 30, 2020	44,829
September 30, 2021	34,371
September 30, 2022 and Thereafter	<u>0</u>
Total	<u>\$ 210,420</u>

Following is a summary of property on or held for lease at September 30, 2016:

	<u>2016</u>
Building	\$ 1,167,000
Land	802,000
Less: Accumulated Depreciation	<u>(358,557)</u>
Total	<u>\$ 1,610,443</u>

Note 8 - FINANCIAL INSTRUMENTS

The Organization's financial instruments include cash, cash and equivalents, and investments. These instruments are carried at fair value at September 30, 2016.

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 balances 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, 2016

Note 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2016</u>
Bridge	\$ 4,885
Pratt Trailhead Improvement/Signage at Gridley Trailhead	1,752
Cluff Vista Park Renewal Fund	44,669
Valley View Preserve	220,771
Ojai Meadows Ecosystem Restoration Project	38
Ocean View Trail Project	5,000
Arundo Removal Renewing	500
Environmental Education for Young Adults w/ Moderate to Sever Disabilities	<u>2,500</u>
Total	<u>\$ 280,115</u>

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

	<u>2016</u>
Operational Endowment	\$ 5,822
Ojai Meadows Preserve Endowment	<u>20,960</u>
Total	<u>\$ 26,782</u>

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 \$10,852 in 2016.

Note 13 - CONDITIONAL PLEDGE RECEIVABLE

The Organization has a conditional promise to receive two personal residential properties as of September 30, 2016, representing a secondary beneficiary interest in an revocable living trust. The value of the properties has not been determined as of September 30, 2016. 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.

The Ojai Valley Land Conservancy

Notes to Financial Statements

September 30, 2016

Note 14 - PRIOR PERIOD ADJUSTMENT

The accompanying financial statements for 2016 have been restated to correct an error in capitalizing buildings and land acquired through a grant, whereby the grantor retained title to the assets, in 2014. The effect of the restatement was a decrease in the change in net assets for 2015 by \$716,062. Unrestricted net assets at the beginning of 2016 has been adjusted for the effects of the restatement on prior years.