

**SOURLAND CONSERVANCY  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

SURLAND CONSERVANCY  
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YEARS ENDED DECEMBER 31, 2014 AND 2013

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Independent Accountant's Review Report

To the Board of Directors  
Sourland Conservancy

I have reviewed the accompanying statements of financial position of the Sourland Conservancy (the Conservancy), (a nonprofit corporation) as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Conservancy's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I believe that the results of my procedures provide a reasonable basis for my report.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*James M. Wood*

January 21, 2015  
Hillsborough, NJ

SOURLAND CONSERVANCY  
 STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2014 AND 2013

|   | <u>2014</u>              | <u>2013</u>              |
|---|--------------------------|--------------------------|
| <b>Assets</b>                           |                          |                          |
| Current assets                          |                          |                          |
| Cash                                    | \$ 54,156                | \$ 61,640                |
| Certificate of deposit                  | 52,331                   | 51,785                   |
| Grants receivable                       | -                        | 1,379                    |
| Prepaid expenses                        | <u>14,249</u>            | <u>2,848</u>             |
|   | \$ <u><u>120,736</u></u> | \$ <u><u>117,652</u></u> |
| <br><b>Liabilities &amp; Net assets</b> |                          |                          |
| Current liabilities                     |                          |                          |
| Accounts payable & accrued expenses     | \$ 4,600                 | \$ 1,900                 |
| Grants received in advance              | <u>4,000</u>             | <u>7,149</u>             |
|   | 8,600                    | 9,049                    |
| Net assets                              |                          |                          |
| Unrestricted                            | <u>112,136</u>           | <u>108,603</u>           |
|   | \$ <u><u>120,736</u></u> | \$ <u><u>117,652</u></u> |

See independent accountant's review report and the accompanying notes to financial statements.

**SOURLAND CONSERVANCY**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2014 AND 2013**

|                                   | <u>2014</u>       | <u>2013</u>       |
|-----------------------------------|-------------------|-------------------|
| <b>Revenue &amp; Support</b>      |                   |                   |
| Membership dues                   | \$ 56,933         | \$ 55,085         |
| Contributions                     | 250               | 483               |
| Grants                            | 9,995             | 17,378            |
| Special campaigns                 | 13,750            | 8,595             |
| Investment income                 | 594               | 615               |
| Other                             | 1,049             | 660               |
|                                   | <u>82,571</u>     | <u>82,816</u>     |
| Special events                    | 74,121            | 44,099            |
| Less direct expenses              | <u>(33,477)</u>   | <u>(20,247)</u>   |
|                                   | 40,644            | 23,852            |
|                                   | <u>123,215</u>    | <u>106,668</u>    |
| <b>Functional Expenses</b>        |                   |                   |
| Program                           | 87,046            | 82,843            |
| General & administration          | 14,921            | 15,236            |
| Fund raising                      | 17,715            | 10,877            |
| Total expenses                    | <u>119,682</u>    | <u>108,956</u>    |
| Increase (decrease) in net assets | 3,533             | (2,288)           |
| <b>Net assets</b>                 |                   |                   |
| Beginning of year                 | <u>108,603</u>    | <u>110,891</u>    |
| End of year                       | <u>\$ 112,136</u> | <u>\$ 108,603</u> |

See independent accountant's review report and the accompanying notes to financial statements.

SOURLAND CONSERVANCY  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2014 AND 2013

|                            | 2014             |                          |                  |                   | 2013             |                          |                  |                   |
|----------------------------|------------------|--------------------------|------------------|-------------------|------------------|--------------------------|------------------|-------------------|
|                            | Program          | General & Administration | Fund Raising     | Total             | Program          | General & Administration | Fund Raising     | Total             |
| Compensation & payroll tax | \$ 49,166        | \$ 9,219                 | \$ 3,073         | \$ 61,458         | \$ 47,590        | \$ 8,923                 | \$ 2,974         | \$ 59,487         |
| Contracted services        | 2,167            | 2,997                    | 4,738            | 9,902             | -                | 2,403                    | 2,402            | 4,805             |
| Printing & reproduction    | 897              | 90                       | 807              | 1,794             | 1,239            | 124                      | 1,115            | 2,478             |
| Postage                    | 874              | 87                       | 786              | 1,747             | 799              | 79                       | 719              | 1,597             |
| Office supplies            | 761              | 76                       | 685              | 1,522             | 1,048            | 105                      | 943              | 2,096             |
| Newsletters & brochures    | 2,814            | -                        | -                | 2,814             | 2,701            | -                        | -                | 2,701             |
| Telephone                  | 596              | 112                      | 37               | 745               | 624              | 117                      | 39               | 780               |
| Insurance                  | 1,420            | 266                      | 89               | 1,775             | 1,367            | 257                      | 85               | 1,709             |
| Professional fees          | -                | 1,900                    | 7,500            | 9,400             | -                | 1,900                    | 2,500            | 4,400             |
| Special program            |                  |                          |                  |                   |                  |                          |                  |                   |
| campaign expenses          | 22,316           | -                        | -                | 22,316            | 12,990           | -                        | -                | 12,990            |
| Other program expenses     | 5,985            | -                        | -                | 5,985             | 13,761           | -                        | -                | 13,761            |
| Miscellaneous              | 50               | 174                      | -                | 224               | 724              | 1,328                    | 100              | 2,152             |
| <b>Total expenses</b>      | <b>\$ 87,046</b> | <b>\$ 14,921</b>         | <b>\$ 17,715</b> | <b>\$ 119,682</b> | <b>\$ 82,843</b> | <b>\$ 15,236</b>         | <b>\$ 10,877</b> | <b>\$ 108,956</b> |

See independent accountant's review report and the accompanying notes to financial statements.

**SOURLAND CONSERVANCY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

|  | <u>2014</u>      | <u>2013</u>      |
|--|------------------|------------------|
| <b>Cash flows from operating activities</b>  |                  |                  |
| Increase (decrease) in net assets  | \$ 3,533         | \$ (2,288)       |
| Adjustments to reconcile increase (decrease)<br>in net assets to net cash used in<br>operating activities: |                  |                  |
| (Increase) decrease in   |                  |                  |
| Grants receivable  | 1,379            | (1,379)          |
| Prepaid expenses   | (11,401)         | 152              |
| Increase (decrease) in   |                  |                  |
| Accounts payable & accrued expenses  | 2,700            | -                |
| Grants received in advance   | <u>(3,149)</u>   | <u>(16,000)</u>  |
| Net cash used in operating activities  | (6,938)          | (19,515)         |
| <b>Cash flows from investing activities</b>  |                  |                  |
| Acquisition of certificates of deposit   | (52,331)         | (51,785)         |
| Proceeds from maturity of certificates of deposit  | 51,785           | 51,247           |
| Proceeds form sale of investment securities  | <u>-</u>         | <u>943</u>       |
| Net cash (used in) provided by investing activities  | <u>(546)</u>     | <u>405</u>       |
| Net decrease in cash & cash equivalents  | (7,484)          | (19,110)         |
| Cash & cash equivalents  |                  |                  |
| Beginning of year  | <u>61,640</u>    | <u>80,750</u>    |
| End of year  | <u>\$ 54,156</u> | <u>\$ 61,640</u> |

See independent accountant's review report and the accompanying notes to financial statements.

**SOURLAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

**(1) Summary of Significant Accounting Policies**

*Nature of activities*

The Sourland Conservancy (the Conservancy) founded in 1986, is a not-for-profit organization working to protect the ecological integrity, historic resources and special character of the Sourland Mountain Region which includes the mountain proper and the surrounding rolling hills and valleys within East and West Amwell, Hillsborough, Hopewell and Montgomery Townships in the three counties of Hunterdon, Somerset and Mercer.

*Basis of presentation*

In accordance with generally accepted accounting principles, the Conservancy presents its statements of financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Conservancy has only unrestricted net assets.

*Grants*

Grants are recorded as revenue in the period during which the related services are provided.

*Contributions*

Contributions are recorded as revenue when pledged or made and are classified as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor-imposed restrictions.

*Donated services*

Many individuals volunteer their time in assisting the Conservancy in its activities. This donated time is not quantified or recorded in the financial statements as identical services would not be purchased by the Conservancy if they were not donated.

*Investment securities*

Investments and marketable securities with readily 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.

*Investments in certificates of deposit*

Investments in certificates of deposit are carried at cost plus accrued interest which approximates fair value.

*Cash and cash equivalents*

For the purposes of the statements of cash flows, cash includes checking and money market demand accounts in financial institutions.



**SOURLAND CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2014 AND 2013**

*Use of estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

*Fair value of financial instruments*

Financial instruments are carried at fair value which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined using three levels of inputs:

- Level 1 Valuations based on quoted prices in active markets for identical assets.
- Level 2 Valuations based on one or more quoted price for investments that are not exchange traded but for which all significant inputs are observable.
- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurements.

The following valuation techniques are used for assets measured at fair value:

Equity securities - Investments in equity securities are measured at fair value using the quoted market prices and are classified as Level 1.

*Accounting for uncertainty in income taxes*

The Conservancy's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows. As of December 31, 2014, The Conservancy's exempt organization filings for the years ended December 31, 2011 through 2014 are open for examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine the Conservancy's financial activities for income and unrelated business income tax for those years.

*New accounting pronouncements*

The Conservancy is of the opinion that none of the newly enacted accounting pronouncements will have a material effect on the Organization.

**(2) Investments in Certificates of Deposit**

As of December 31, 2014, investments in certificates of deposit consist of one certificate totaling \$52,331 with a maturity date of December 22, 2016 bearing interest at 1.19%. The certificate of deposit is carried at cost plus accrued interest which approximates fair value.

As of December 31, 2013, investments in certificates of deposit consist of one certificate totaling \$51,785 with a maturity date of December 22, 2014 bearing interest at 1.04%. The certificate of deposit is carried at cost plus accrued interest which approximates fair value.

**(3) Evaluation of Subsequent Events**

Management has evaluated subsequent events through January 21, 2015, the date which the financial statements were available to be issued.