

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

African Conservancy

December 31, 2009

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INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS:

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# **S Michael Shlachtman**

**Certified Public Accountant**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
African Conservancy  
Bonita Springs, Florida

I have audited the accompanying statements of financial position of African Conservancy (the Conservancy) as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Conservancy's management. My responsibility is to express an opinion on these financial statements based on our 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 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of African Conservancy as of December 31, 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



November 5, 2010

AFRICAN CONSERVANCY  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 7,521
Prepaid expenses	
Economic development samples	2,549
Total current assets	

PROPERTY AND EQUIPMENT, net of \$7,699 accumulated depreciation

INVESTMENT	<u>1,820</u>
TOTAL ASSETS	<u><u>\$ 11,890</u></u>

LIABILITIES AND NET ASSETS

ACCOUNTS PAYABLE	\$ 1,750
LONG-TERM DEBT	13,250

UNRESTRICTED NET ASSETS	<u>(3,110)</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 11,890</u></u>
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AFRICAN CONSERVANCY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUE AND SUPPORT	
Contributions	\$ 7,100
In-kind contributions	6,615
Increase in investment value	892
Other income	177
Total revenue and support	<u>14,784</u>
EXPENSES	
Program	13,154
Management and general	932
Fundraising	-
Total expenses	<u>14,086</u>
TOTAL INCREASE IN NET ASSETS	<u>698</u>
Net assets beginning of year	<u>(3,808)</u>
Net assets end of year	<u><u>\$ (3,110)</u></u>

AFRICAN CONSERVANCY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program services</u>	<u>Administrative</u>	<u>Total</u>
Program activity expense	\$ 9,167	\$ 0	\$ 9,167
Professional fees	2,908	727	3,635
Rent	874		874
Other	205	205	410
Total	<u>\$ 13,154</u>	<u>\$ 932</u>	<u>\$ 14,086</u>

AFRICAN CONSERVANCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2008

Cash Flows from Operating Activities:

Increase in net assets	\$ 698
Adjustments to reconcile net assets to cash provided by (used in) operating activities:	-
	-
Increase in liabilities	1,500
Unrealized gain on investment	<u>(892)</u>
Net cash provided by operating activities	<u>\$ 1,306</u>
Cash and cash equivalents - beginning of year	<u>\$ 6,215</u>
Cash and cash equivalents - end of year	<u>\$ 7,521</u>

African Conservancy  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The African Conservancy (the Conservancy) was founded in 2000 as a non-profit Conservancy formed for the purpose of preserving African wildlife and traditional cultures by working with partners to protect and rehabilitate wilderness areas and to bring about socio-economic changes that reverse trends in wilderness destruction.

Basis of Accounting - The financial statements of the Conservancy are prepared using the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation - The Conservancy has adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made", and SFAS No. 111, "Financial Statements of Not-for-Profit Organizations". SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Conservancy to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. SFAS No. 111 establishes standards for external financial reporting by not-for-profit Conservancies and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows.

1. Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations and donor restricted contributions whose restrictions are met in the same reporting period. Designated unrestricted net assets represent funds which are held by chapters for use on projects within their region.
2. Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Conservancy and/or the passage of time.
3. Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Conservancy. The donor restrictions on these assets permit the Conservancy to use the income earned and capital gains, if any, from the investment assets as support for general or specific purposes, unless otherwise specified by the donor. The Conservancy has no permanently restricted net assets.

African Conservancy

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

Support and Revenue - Membership dues are recognized as revenue when received and approved. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as unrestricted.

Donated Materials and Equipment - Donated materials and equipment are recorded at their estimated values at date of receipt.

Depreciation and Equipment - Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the Conservancy's assets (office and computer equipment) are five years. Assets with an estimated useful life exceeding one year and cost if purchased or fair value if donated of at least \$3,000 are capitalized.

Donated Services - Donated services are recognized as contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", if the services

(a) create or enhance nonfinancial assets or

(b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Conservancy.

Income Taxes - The Conservancy is exempt under Code Section 501(c) (3) of the Internal Revenue Code from payment of taxes on income derived from activities relating to its exempt purposes.

African Conservancy

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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 those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Conservancy considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments — The Conservancy carries investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

NOTE B -RELATED PARTY TRANSACTIONS

One of the founders of the Conservancy made an initial loan to the organization for startup expenses. The original loan was in the amount of \$15,000, bearing no interest and no defined due date for repayment. At the end of 2009 the principal balance outstanding was \$13,250.

NOTE C - PROGRAM DESCRIPTIONS

The African Conservancy administers the following programs:

**Africa Programs** - The Africa Programs include wildlife and habitat conservation and rehabilitation programs. The Africa Programs also include socio-economic programs that promote alternatives to the commercial utilization of at-risk natural resources through education and the development of regional, conservation-compatible cottage industries. All Africa Programs are undertaken in collaboration with local people, authorities and businesses, as well as partnerships with other conservation organizations.

**United States Programs** - The United States Programs offers public outreach and education programs such as African art exhibits, African wildlife conservation exhibits at cultural centers and major venues such as the San Diego Earth Fair, as well as the dissemination of information through print and electronic publications.

African Conservancy  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

NOTE D -INVESTMENTS

Investments consist of the following at December 31, 2009

	Cost	Fair Market Value
Equitable Securities	\$1,278	\$1,820