



Whiterock

CONSERVANCY

FINANCIAL REPORT

(Reviewed)

December 31, 2007

Whiterock Conservancy
Coon Rapids, Iowa

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors
Whiterock Conservancy
Coon Rapids, Iowa

We have reviewed the accompanying statement of financial position of Whiterock Conservancy as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Whiterock Conservancy.

A review consists principally of inquiries of the Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2007 financial statements in order for them to be in conformity with generally accepted accounting principles.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
May 10, 2008

Whiterock Conservancy
STATEMENT OF FINANCIAL POSITION
December 31, 2007
See Accountant's Review Report

ASSETS

Cash	\$ 57,065
Investments	1,604,177
Grants receivable	24,986
Supplies	12,000
Property and equipment, net of accumulated depreciation	<u>3,858,985</u>
 Total assets	 <u>\$5,557,213</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 90
Payroll withholdings	4,258
Deposits	2,415
Gift certificates payable	<u>4,807</u>
Total liabilities	<u>11,570</u>

NET ASSETS

Unrestricted	
Undesignated	4,145,643
Designed by the Board for endowment	<u>200,000</u>
Total unrestricted	<u>4,345,643</u>
 Permanently restricted	 <u>1,200,000</u>
Total net assets	<u>5,545,643</u>
 Total liabilities and net assets	 <u>\$5,557,213</u>

Whiterock Conservancy
STATEMENT OF ACTIVITIES
Year ended December 31, 2007
See Accountant's Review Report

	<u>Unrestricted</u>	<u>Permanently restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributions	\$ 90,860	\$ —	\$ 90,860
Donated property	954,800	—	954,800
Contributions from related organizations	502,206	1,200,000	1,702,206
Grant revenue	82,205	—	82,205
Resort fees	50,169	—	50,169
Gift shop and food sales	10,991	—	10,991
Special events and tour revenue	7,800	—	7,800
Farm income	88,421	—	88,421
Investment income	<u>97,041</u>	<u>—</u>	<u>97,041</u>
Total revenue and other support	<u>1,884,493</u>	<u>1,200,000</u>	<u>3,084,493</u>
EXPENSES			
Program services	209,769	—	209,769
General and administrative	126,079	—	126,079
Fundraising	<u>11,209</u>	<u>—</u>	<u>11,209</u>
Total expenses	<u>347,057</u>	<u>—</u>	<u>347,057</u>
INCREASE IN NET ASSETS	1,537,436	1,200,000	2,737,436
NET ASSETS			
Beginning	<u>2,808,207</u>	<u>—</u>	<u>2,808,207</u>
Ending	<u>\$4,345,643</u>	<u>\$1,200,000</u>	<u>\$5,545,643</u>

See Notes to Financial Statements.

Whiterock Conservancy
STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2007
See Accountant's Review Report

	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 71,969	\$ 70,943	\$ 10,456	\$ 153,368
Employee benefits	5,670	4,394	143	10,207
Payroll taxes	6,225	6,582	214	13,021
Travel	3,695	4,497	146	8,338
Training and development	483	1,476	-	1,959
Contract services	4,999	1,898	-	6,897
Special events	50	-	-	50
Supplies and materials	13,654	3,863	126	17,643
Outside services	15,171	10	-	15,181
Postage and freight	2,199	221	7	2,427
Professional services	12,326	12,772	-	25,098
Legal and accounting	5,584	5,786	-	11,370
Stipends and honorariums	50	-	-	50
Equipment rental and maintenance	12,959	3,361	-	16,320
Utilities	7,555	2,881	-	10,436
Communications	1,558	3,599	117	5,274
Advertising	4,725	2,673	-	7,398
Insurance	7,877	838	-	8,715
Conservation project tax expense	13,246	-	-	13,246
Bank charges	16	17	-	33
Miscellaneous	3,453	268	-	3,721
Depreciation	<u>16,305</u>	<u>-</u>	<u>-</u>	<u>16,305</u>
Total expenses	<u>\$ 209,769</u>	<u>\$ 126,079</u>	<u>\$ 11,209</u>	<u>\$ 347,057</u>

See Notes to Financial Statements.

Whiterock Conservancy
STATEMENT OF CASH FLOWS
Year ended December 31, 2007
See Accountant's Review Report

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$2,737,436
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	16,305
Donated property	(954,800)
Assets transferred from related organization	(1,702,206)
Realized and unrealized gains on investments	(47,062)
Change in assets and liabilities	
(Increase) in grants receivable	(24,986)
(Increase) in supplies	(12,000)
Increase in accounts payable	90
(Decrease) in payroll withholdings	(445)
Increase in deposits	2,415
Increase in gift certificates payable	4,807
Net cash provided by operating activities	19,554

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(153,412)
Purchase of investments	(936,971)
Proceeds from the sale of investments	1,082,062
Net cash (used in) investing activities	(8,321)

NET INCREASE IN CASH

11,233

CASH

Beginning	45,832
Ending	\$ 57,065

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES

Donated property	\$ 954,800
Assets transferred from related organization	\$1,702,206

Whiterock Conservancy
NOTES TO FINANCIAL STATEMENTS
See Accountant's Review Report

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Whiterock Conservancy (an Iowa nonprofit corporation) was incorporated in November 2004 to assist and support the Iowa Department of Natural Resources, the Leopold Center for Sustainable Agriculture and the Iowa Natural Heritage Foundation (the "Supported Organizations") in carrying out their purposes relating to land preservation, land restoration, conservation, sustainable agriculture, education and recreation. This is to be accomplished by 1) protecting, restoring and enhancing the natural resources of the Middle Raccoon River Valley from Coon Rapids, Iowa to Springbrook State Park and 2) building partnerships in order to provide opportunities and programs for natural resource preservation and restoration; public recreation, education and interpretation of the natural, scenic, and historical resources of the Valley; and research and modeling of economically and environmentally sustainable agro-ecosystems.

Use of 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets represent assets that are subject to restrictions of gift instruments requiring, in perpetuity, that the principal be invested and the income only be used. Use of the investment income from the assets may be unrestricted and in certain cases may be restricted.

The Organization has only unrestricted and permanently restricted net assets as of December 31, 2007.

Cash

Cash consists of deposits held in checking and savings accounts. Money market funds held in brokerage accounts are classified as investments.

Investments

Investments are recorded at fair value. Fair value is determined by the quoted market value of the securities.

Concentration of Credit Risk

The Organization maintains cash in bank accounts with a federally insured bank. At times, the balances in these accounts may be in excess of federally insured limits.

Whiterock Conservancy
NOTES TO FINANCIAL STATEMENTS
See Accountant's Review Report

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Expenditures for the acquisition of property and equipment are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the equipment.

Donated property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Income Taxes

The Organization is a nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code except to the extent of taxes on unrelated business income.

Supplies

Supplies at December 31, 2007 consist of various office and other supplies. Additions to supplies are to be recorded at cost, using the first-in; first-out method.

Advertising

The Organization expenses advertising costs in the year incurred. Advertising costs totaled \$7,398 for 2007.

Functional Allocation of Expenses

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

NOTE 2 INVESTMENTS AND INVESTMENT RETURN

Investments at December 31, 2007 are as follows:

	<u>Fair value</u>	<u>Cost</u>	<u>Unrealized gain</u>
Money market funds	\$ 46,606	\$ 46,606	\$ -
Mutual funds	<u>1,557,571</u>	<u>1,544,488</u>	<u>13,083</u>
Totals	<u>\$1,604,177</u>	<u>\$1,591,094</u>	<u>\$ 13,083</u>

Investment income was as follows for the year ended December 31, 2007:

Investment interest and dividends	\$ 48,900
Savings account interest	1,079
Change in unrealized gains and losses	(49,000)
Realized gains	<u>96,062</u>
Total	<u>\$ 97,041</u>

Whiterock Conservancy
NOTES TO FINANCIAL STATEMENTS
See Accountant's Review Report

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2007 is as follows:

Land	\$3,474,068
Office equipment	11,853
Farm and recreational equipment	28,732
Buildings and building improvements	<u>351,849</u>
	3,866,502
Less accumulated depreciation	<u>(16,517)</u>
Net property and equipment	3,849,985
Projects in process	<u>9,000</u>
Total property and equipment	<u>\$3,858,985</u>

Projects in process as of December 31, 2007 consist of architect fees incurred related to the possible construction of a visitor center.

NOTE 4 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets as of December 31, 2007 consist of endowment fund assets to be held indefinitely. The income from these assets are to be used for land restoration and conservation purposes.

NOTE 5 GRANT PROGRAMS

The Organization has entered into several grant agreements which will provide funding for two projects. The projects include an improved recreational trail that will link Coon Rapids, Iowa to several of the Organization's properties and the construction of a visitor area/trail head facility. The grants are to be provided by various State of Iowa agencies. Funding provided by the grants will expire June 30, 2009. The anticipated funding provided by the grants as of December 31, 2007 totaled approximately \$1,925,000.

NOTE 6 RELATED PARTY TRANSACTIONS

Following is a summary of related party transactions that occurred during 2007:

- Iowa Natural Heritage Foundation (a "supported organization") previously held an investment account on behalf of the Organization. The investments transferred to the Organization in 2007 totaled \$1,702,206.
- Transactions with board members, members of their families and organizations for which board members and their families are affiliated with were as follows: contribution revenue, \$60,960; donated property and equipment \$954,800; lease expense for use of property \$2,161 and farm management fees of \$4,244.