



**SIERRA Foothill Conservancy
(A CALIFORNIA NON-PROFIT ORGANIZATION)**

**CONSOLIDATED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**

**SIERRA FOOTHILL CONSERVANCY
(A CALIFORNIA NON-PROFIT CORPORATION)**

JUNE 30, 2016 AND 2015

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1
CONSOLIDATED FINANCIAL STATEMENTS:	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENTS OF CASH FLOWS.....	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	9
ADDITIONAL INFORMATION:	
INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION.....	25
CONSOLIDATING SCHEDULE, STATEMENT OF FINANCIAL POSITION, JUNE 30, 2016.....	27
CONSOLIDATING SCHEDULE, STATEMENT OF ACTIVITIES, JUNE 30, 2016.....	28
CONSOLIDATING SCHEDULE, STATEMENT OF OPERATING EXPENSES, JUNE 30, 2016.....	29
CONSOLIDATING SCHEDULE, STATEMENT OF CASH FLOWS, JUNE 30, 2016.....	30



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sierra Foothill Conservancy

We have audited the accompanying consolidated financial statements of Sierra Foothill Conservancy (the "Conservancy"), which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 considers internal control relevant to the Conservancy's preparation and fair presentation of the consolidated 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 Conservancy's internal control. Accordingly, we 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 presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sierra Foothill Conservancy as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Price Pange & Company

Clovis, California
December 5, 2016

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015**

	2016	2015
<u>Assets</u>		
Cash and cash equivalents	\$ 431,863	\$ 494,769
Investments	2,641,569	2,804,430
Grants and other receivable	97,643	75,081
Prepaid expenses and other assets	12,295	13,285
Inventories	-	3,904
Property and equipment, net	496,324	536,224
Conserved land	7,263,892	7,304,344
Total assets	\$ 10,943,586	\$ 11,232,037
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 43,014	\$ 10,446
Accrued expenses	56,879	60,434
Deferred revenue	106,713	149,959
Agency and trust fund	70,057	70,491
Total liabilities	276,663	291,330
Net Assets:		
Unrestricted:		
Undesignated	428,832	595,772
Board designated	546,601	486,601
Total unrestricted	975,433	1,082,373
Temporarily restricted	1,940,364	2,107,208
Permanently restricted	7,751,126	7,751,126
Total net assets	10,666,923	10,940,707
Total liabilities and net assets	\$ 10,943,586	\$ 11,232,037

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	Unrestricted				Total
	Undesignated	Board Designated	Temporarily Restricted	Permanently Restricted	
Revenues and support:					
Grant income	\$ 247,861	\$ -	\$ -	\$ -	\$ 247,861
Investment income (losses), net	(10,389)	-	(27,655)	-	(38,044)
Contribution and fundraising	67,747	47,858	78,857	-	194,462
Grazing fees	84,803	-	-	-	84,803
Fees for services	135,060	-	-	-	135,060
Membership dues	54,603	-	-	-	54,603
Gain on sale of property	-	12,142	-	-	12,142
Miscellaneous income	11,145	-	-	-	11,145
Rental income	12,000	-	-	-	12,000
Beef sales	46,051	-	-	-	46,051
Total revenues and support before net assets released from restrictions	648,881	60,000	51,202	-	760,083
Net assets released from restrictions	218,046	-	(218,046)	-	-
Total revenues and support after reclassification of net assets released from restrictions	866,927	60,000	(166,844)	-	760,083
Costs and expenses:					
Program services	592,156	-	-	-	592,156
Fundraising	120,791	-	-	-	120,791
General and administrative	242,152	-	-	-	242,152
Sierra Lands Beef	78,768	-	-	-	78,768
Total costs and expenses	1,033,867	-	-	-	1,033,867
Changes in net assets	(166,940)	60,000	(166,844)	-	(273,784)
Net assets, beginning of year	595,772	486,601	2,107,208	7,751,126	10,940,707
Net assets, end of year	\$ 428,832	\$ 546,601	\$ 1,940,364	\$ 7,751,126	\$ 10,666,923

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

	Unrestricted			Total
	Undesignated	Board Designated	Temporarily Restricted	
Revenues and support:				
Grant income	\$ 6,475	\$ -	\$ -	\$ -
Investment income (losses), net	(2,742)	-	24,557	-
Contribution and fundraising	744,104	-	91,915	97,750
Grazing fees	4,686	-	-	-
Fees for services	40,828	-	-	-
Membership dues	67,912	-	-	-
Miscellaneous income	59,265	-	-	-
Rental income	12,000	-	-	-
Beef sales	77,371	-	-	-
Total revenues and support before net assets released from restrictions	1,009,899	-	116,472	97,750
Net assets released from restrictions	260,262	-	(260,262)	-
Total revenues and support after reclassification of net assets released from restrictions	1,270,161	-	(143,790)	97,750
Costs and expenses:				
Program services	885,259	-	-	-
Fundraising	130,689	-	-	-
General and administrative	220,371	-	-	-
Sierra Lands Beef	70,877	-	-	-
Total costs and expenses	1,307,196	-	-	-
Changes in net assets	(37,035)	-	(143,790)	97,750
Net assets, beginning of year, restated	632,807	486,601	2,250,998	7,653,376
Net assets, end of year	\$ 595,772	\$ 486,601	\$ 2,107,208	\$ 7,751,126

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	Program Services	Supporting Services		Sierra Lands Beef	Total
		Fundraising	General and Administrative		
Personnel costs:					
Salaries and wages	\$ 249,715	\$ 67,719	\$ 105,812	\$ -	\$ 423,246
Employee benefits	11,709	3,175	4,961	-	19,845
Payroll taxes	<u>22,002</u>	<u>5,967</u>	<u>9,323</u>	-	<u>37,292</u>
Total personnel costs	283,426	76,861	120,096	-	480,383
Other costs and expenses:					
Advertising and promotion	-	-	-	722	722
Auto expense	8,736	2,369	3,701	2,449	17,255
Bank and finance charges	-	-	-	80	80
Community education	3,779	1,025	1,601	-	6,405
Conference expenses	6,023	1,633	2,552	-	10,208
Contracted services	76,589	5,000	27,197	-	108,786
Cost of cattle sold	-	-	-	13,305	13,305
Dues and subscriptions	3,960	1,074	1,678	-	6,712
Feed supplements	-	-	-	4,689	4,689
Grazing fees	-	-	-	43,816	43,816
Insurance	41,100	1,620	14,240	2,816	59,776
Licenses and permits	5,313	1,441	2,252	-	9,006
Loss on disposition of assets	-	-	-	1,259	1,259
Member events	23,018	6,242	9,754	-	39,014
Miscellaneous	3,967	1,076	1,681	214	6,938
Office expense	4,965	1,346	2,104	1,087	9,502
Postage and delivery	241	3,522	1,255	129	5,147
Printing and copying	8,513	2,309	3,608	-	14,430
Professional fees	51,099	-	21,533	271	72,903
Property taxes	4,950	-	1,650	-	6,600
Rent and related	12,324	3,342	5,222	-	20,888
Repairs and maintenance	10,160	-	3,386	129	13,675
Taxes and licenses	-	-	-	800	800
Travel	5,108	1,385	2,164	-	8,657
Utilities	<u>8,501</u>	<u>2,306</u>	<u>3,603</u>	-	<u>14,410</u>
Total other costs and expenses	<u>278,346</u>	<u>35,690</u>	<u>109,181</u>	<u>71,766</u>	<u>494,983</u>
Subtotal	561,772	112,551	229,277	71,766	975,366
Depreciation	<u>30,384</u>	<u>8,240</u>	<u>12,875</u>	<u>7,002</u>	<u>58,501</u>
Total costs and expenses	<u>\$ 592,156</u>	<u>\$ 120,791</u>	<u>\$ 242,152</u>	<u>\$ 78,768</u>	<u>\$ 1,033,867</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Services	Supporting Services			Total
		Fundraising	General and Administrative	Sierra Lands Beef	
Personnel costs:					
Salaries and wages	\$ 235,506	\$ 86,779	\$ 82,649	\$ -	\$ 404,934
Employee benefits	7,972	2,938	2,798	-	13,708
Payroll taxes	<u>22,162</u>	<u>8,166</u>	<u>7,778</u>	-	<u>38,106</u>
Total personnel costs	265,640	97,883	93,225	-	456,748
Other costs and expenses:					
Advertising and promotion	-	-	-	710	710
Auto expenses	9,861	-	5,792	3,671	19,324
Bank and finance charges	-	-	-	8	8
Community education	4,789	-	2,813	-	7,602
Conference expenses	4,946	-	2,905	-	7,851
Conservation easements	440,000	-	-	-	440,000
Contracted Services	26,080	-	20,491	-	46,571
Cost of cattle sold	-	-	-	25,896	25,896
Dues and subscriptions	3,635	-	2,135	85	5,855
Feed supplements	-	-	-	2,873	2,873
Grazing fees	-	-	-	25,364	25,364
Insurance	19,676	-	11,556	5,195	36,427
License and Permits	2,172	-	1,275	-	3,447
Member events	-	18,087	10,622	-	28,709
Miscellaneous	26	-	267	-	293
Office expenses	6,737	1,443	3,849	1,051	13,080
Postage and delivery	187	1,400	932	-	2,519
Printing and copying	701	2,200	1,703	-	4,604
Professional fees	30,498	-	23,963	315	54,776
Property taxes	8,414	-	4,941	-	13,355
Rent and related	13,524	2,899	7,728	-	24,151
Repairs and maintenance	5,477	-	3,217	105	8,799
Taxes and licenses	-	-	-	800	800
Travel	2,113	-	1,241	-	3,354
Utilities	<u>7,686</u>	<u>1,606</u>	<u>2,180</u>	-	<u>11,472</u>
Total other costs and expenses	<u>586,522</u>	<u>27,635</u>	<u>107,610</u>	<u>66,073</u>	<u>787,840</u>
Subtotal	852,162	125,518	200,835	66,073	1,244,588
Depreciation	<u>33,097</u>	<u>5,171</u>	<u>19,536</u>	<u>4,804</u>	<u>62,608</u>
Total costs and expenses	<u>\$ 885,259</u>	<u>\$ 130,689</u>	<u>\$ 220,371</u>	<u>\$ 70,877</u>	<u>\$ 1,307,196</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
Cash flows from operating activities:		
Changes in net assets	\$ (273,784)	\$ (83,075)
Adjustments to reconcile change in net assets to		
Net cash provided by (used in) operating activities:		
Depreciation	58,501	62,608
Unrealized investment losses	163,826	111,589
Loss on disposition of assets	1,259	-
Gain on sale of land	(12,142)	-
Change in operating assets and liabilities:		
Grants and other receivable	(14,550)	(49,220)
Prepaid expenses and other assets	990	(6,814)
Inventories	3,904	19,883
Accounts payable	24,556	(16,516)
Accrued expenses	(3,555)	6,292
Agency and trust fund and deferred revenue	(43,680)	38,130
Net cash provided by (used in) operating activities	(94,675)	82,877
Cash flows from investing activities:		
Purchase of property, equipment and breeding cattle	(19,860)	(3,076)
Proceeds from sale of assets	52,594	-
Proceeds from sale of investment securities	206,593	219,393
Purchase of investment securities	(207,558)	(320,831)
Net cash provided by (used in) investing activities	31,769	(104,514)
Net increase (decrease) in cash and cash equivalents	(62,906)	(21,637)
Cash and cash equivalents, beginning of year	494,769	516,406
Cash and cash equivalents, end of year	\$ 431,863	\$ 494,769
Supplemental disclosures of cash flow information:		
Taxes paid	\$ 800	\$ 800
Donated conservation easement	\$ -	\$ 440,000

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 – ORGANIZATION AND OPERATIONS

The Sierra Foothill Conservancy (the “Conservancy”) is a California non-profit corporation formed in 1996 to protect, manage, administer, and preserve land and wildlife in the Central California area. The Conservancy protects foothill land through land acquisition, conservation easements, public programs and education and scientific research. The Conservancy’s primary sources of revenue are contributions from the general public, grants, including gifts of land and conservation easements, fees for service and investment earnings.

During November 2010, the Conservancy established a wholly-owned subsidiary, Sierra Lands Beef, Limited Liability Company (the “LLC”) under the laws of the State of California. The primary purpose of the LLC is to raise and sell grass-fed beef. The LLC’s primary source of revenue is from the sale of grass-fed beef. All of the activities of the LLC have been recorded and reflected in the consolidated financial statements of the Conservancy.

The Conservancy is managed by its Board of Directors who are elected in accordance with its by-laws. While the Conservancy solicits “members” on an annual basis, it is not managed by such members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements

The consolidated financial statements are presented on the accrual basis of accounting and include all accounts of the Conservancy and LLC. All significant intercompany transactions have been eliminated.

Classification of Net Assets

The Conservancy’s net assets have been grouped into the following three classes:

Unrestricted Net Assets – Revenues derived from member dues, unrestricted contributions, grants and contracts, investment income, and other inflows of assets whose use by the Conservancy is not limited by donor-imposed restrictions.

Certain unrestricted net assets have been specifically designated by the Board of Directors to be separately maintained as land, land preservation funds, conservation project funds, and operating funds. Such funds are identified as Board Designated Net Assets.

Temporarily Restricted Net Assets – Contributions and other inflows of assets whose use by the Conservancy is limited by donor-imposed stipulations that either expire by passage of time or fulfillment of the purpose for which the assets were contributed.

Permanently Restricted Net Assets – Contributions and other inflows of assets that the Conservancy must permanently maintain. The Conservancy may, as specified by the donor, use the investment income and gains on its permanent funds. At times, the fair value of Permanently Restricted Endowment Funds may fall below the original amounts contributed by the donor (“Underwater Fund”). These deficits result from unfavorable market fluctuations occurring after the original contribution and are reported with Unrestricted Net Assets.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund and Endowment Investment Spending Policies

The Conservancy has adopted investment and spending policies for its Permanently Restricted Funds (“Endowment” Assets) whose goal is to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the Endowment Assets. The Conservancy’s spending and investment policies are expected to work together to achieve this objective. The investment policy establishes return objectives with diversification of asset classes. The Conservancy’s current long-term return objective is to earn 5% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term return objectives, the Conservancy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conservancy targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money to be annually distributed from the Conservancy’s various endowed funds, for conservation and/or administration. At June 30, 2016, the current spending policy is to distribute an amount up to 5% of the prior three fiscal years’ average fund balances. However, the individual endowment fund’s spending policy may also be dependent upon individual agreements with the donors.

Fair Value of Certain Financial Instruments

Due to the short-term nature of cash and cash equivalents, receivables, prepaid expense and other assets, accounts payable and accrued expenses, their fair values approximate their carrying values.

Cash and Cash Equivalents

Cash and cash equivalents consist of various demand and interest bearing accounts on deposit with insured financial and brokerage institutions. The Conservancy considers all investments with an original maturity of three months or less to be cash equivalents.

Investments

All of the Conservancy’s investments are available for sale. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Consolidated Statement of Activities as they are incurred. Investments are stated at their estimated fair value based on quoted closing prices or other information provided by the Conservancy’s professional investment advisors.

Inventories

Inventory comprises packaged beef available for sale and grass-fed livestock cattle raised for the sale of meat and by-products. The cost of packaged beef meat is generally determined using the specific identification of the cattle, including all necessary expenses for preparation and sale. Livestock cattle are generally valued at cost and include appropriate allocations of cost for feed, supplements, grazing, veterinary and other expenses.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment comprises autos, improvements, equipment and livestock cattle used for breeding purposes. Amounts are stated at cost or, if donated, at the asset's estimated fair value at the date of donation. All assets acquired by the Conservancy whose initial value or cost exceeds \$1,000 are capitalized and depreciated. Routine repairs and maintenance, including planned major maintenance activities are expensed when incurred. Depreciation is recorded using the straight-line method over estimated useful lives of 5 to 40 years.

Conserved Land, Conservation Easements and Acquisition Costs

The Conservancy records conserved land at cost, if purchased, or at its appraised fair market value if received as a contribution.

The Conservancy capitalizes certain fees incurred in connection with the acquisition of conserved land and conservation easements. Legal and appraisal fees that are directly related to the potential acquisition of property are capitalized and included in the total value of the acquired land or conservation easement. Costs capitalized in connection with a potential acquisition that is unsuccessful are expensed in the period in which management believes, more likely than not, the ultimate acquisition of the property will not be completed.

Contributions, or purchases, of conservation easements are recorded as Program Service Expenses when acquired as, in the opinion of management, they represent contributions by the Conservancy to the Sierra Foothill and Central San Joaquin Valley communities.

Agency and Trust Fund

The Conservancy may serve as a fiscal agent for third party donors to conduct various community programs. As a fiscal agent the Conservancy may receive funds with donor-imposed restrictions for which it does not have either 1) a unilateral right to redirect the funds to other uses ("variance power") or 2) significant involvement in the determination of specific beneficiaries. Such funds are not considered to be contributions and are recorded as Agency and Trust Fund liabilities. Changes in the Agency and Trust Fund liabilities are reported separately and are not included in the Conservancy's Consolidated Statement of Activities.

Revenue Recognition

Contributions of land, land interests and conservation easements, and donations of other property are recorded when the donor makes an unconditional and enforceable promise to give and are considered unrestricted unless received with donor imposed stipulations that limit their use. Such contributions are stated at the fair market value at the date of donation, generally based on independent appraisals obtained by the donor.

Contributions and Grants

Contributions and grants are recorded as Unrestricted, Temporarily Restricted, or Permanently Restricted depending on the existence or nature of donor-imposed restrictions. Contributions and grants, including unconditional promises to give are recorded in the year made or received. When a donor restriction expires, when either a stipulated time restriction ends or a 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. Contributions or grants received and expended in the same fiscal year are recorded as Unrestricted Funds.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising and Promotion

The Conservancy expenses all advertising and promotion costs as incurred. Advertising and promotion expenses for the years ended June 30, 2016 and June 30, 2015 were \$722 and \$710, respectively.

Functional Classification of Expenses

The costs of providing the Conservancy's various charitable and general services have been summarized on a functional basis in the Consolidated Statement of Functional Expenses. Accordingly, direct and indirect expenses are allocated by management to program services and other activities based on their specific identification or the personnel utilized in the function. Expenses incurred in connection with the LLC have been classified as general and administrative expenses in the Consolidated Statement of Functional Expenses.

Use of Estimates

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

Tax Exempt Status

The Conservancy has qualified as a non-profit organization and has been granted tax-exempt status pursuant to the Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). The Conservancy and its LLC are subject to taxation on any unrelated business income, primarily related to the sale of grass-fed beef. The LLC is subject to the State of California's minimum entity tax.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Conservancy's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

NOTE 3 – INVESTMENTS

The fair value of investment securities consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Equity securities	\$ 1,979,922	\$ 1,615,967
Bond mutual funds	548,954	1,073,470
Central Valley Community Foundation Investment Pool	<u>112,693</u>	<u>114,993</u>
Total investments	<u>\$ 2,641,569</u>	<u>\$ 2,804,430</u>

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 3 – INVESTMENTS (Continued)

The Conservancy maintains a portion of its investment funds at Charles Schwab, which are managed by Regency Investment Advisors. During the fiscal year ended June 30, 2016 the Conservancy closed their investment account with Charles Schwab and transferred the investment funds to an account held and managed by the Sigma Financial Corporation. At June 30, 2016, approximately \$2,529,000 of the Conservancy's investments were held at Sigma Financial Corporation. At June 30, 2015, approximately \$2,718,000, of the Conservancy's investments were held at Charles Schwab.

The Conservancy maintains its remaining investment funds with the Central Valley Community Foundation, formerly Fresno Regional Foundation, (the "Foundation"), a California non-profit corporation. The terms of the fund agreement specify the Conservancy as the beneficiary of that fund. The Foundation has discretion as to how the fund will be invested and has a unilateral right to redirect the funds to other uses ("variance power") if the Conservancy ceases to operate.

Distributions made from the fund with the Foundation, to the Conservancy, may include principal and earnings in accordance with the fund agreement. At June 30, 2016 and 2015, approximately \$112,700 and \$115,000, respectively, of the Conservancy's investments were held with the Foundation.

The Conservancy's investment activities consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 135,959	\$ 149,862
Realized and unrealized gains (losses)	(163,826)	(111,589)
Investment fees	<u>(10,177)</u>	<u>(16,458)</u>
Investment income (loss), net	<u>\$ (38,044)</u>	<u>\$ 21,815</u>

Investment securities are subject to various risks such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is likely that changes in the values of investment securities will occur in the near term and such changes could materially affect the Conservancy's account balances and amounts reported in the Consolidated Statement of Activities.

NOTE 4 – INVENTORIES

Inventories consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Cattle inventory	<u>\$ -</u>	<u>\$ 3,904</u>
Inventories	<u><u>\$ -</u></u>	<u><u>\$ 3,904</u></u>

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Autos and trucks	\$ 66,734	\$ 72,047
Improvements	731,442	725,583
Office equipment	4,605	4,605
Maintenance equipment	38,340	38,340
Breeding cattle and horses	<u>14,000</u>	<u>7,449</u>
Subtotal	855,121	848,024
Less accumulated depreciation and amortization	<u>(358,797)</u>	<u>(311,800)</u>
Property and equipment, net	<u>\$ 496,324</u>	<u>\$ 536,224</u>

Depreciation expenses for the years ended June 30, 2016 and 2015 were \$58,501 and \$62,608, respectively.

NOTE 6 – CONSERVATION EASEMENTS

During the year ended June 30, 2016, the Conservancy did not acquire any conservation easements. During the year ended June 30, 2015, the Conservancy received a donated conservation easement valued at \$440,000 of approximately 324 acres of land. At June 30, 2016, the Conservancy has acquired conservation easements, either through donations or purchases, on approximately 17,073 acres of land throughout the Central California area.

NOTE 7 – CONSERVED LAND

Conserved land consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Tivy Mountain Preserve:		
Tivy Mountain Preserve	\$ 164,000	\$ 164,000
DeLeon Property	100,000	100,000
Franklin Property	140,000	140,000
Carter Property	59,000	59,000
Beach Property	135,000	135,000
Morrison Property	<u>156,601</u>	<u>156,601</u>
Total Tivy Mountain Preserve	<u>\$ 754,601</u>	<u>\$ 754,601</u>

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 7 – CONSERVED LAND (Continued)

	<u>2016</u>	<u>2015</u>
Balance Carried Forward	\$ 754,601	\$ 754,601
Black Mountain Miller Preserve:		
Miller Preserve	142,000	142,000
Black Mountain Ridge	190,000	190,000
Ferrell Property	364,000	364,000
Staebler Property	67,891	67,891
Kneeland/Shows Property	1,186,435	1,186,435
Reed Property	-	40,452
	<u>1,950,326</u>	<u>1,990,778</u>
Total Black Mountain Miller Preserve	1,950,326	1,990,778
Other Preserves:		
Table Mountain Preserve	592,000	592,000
Fine Gold Creek	2,793,260	2,793,260
Feliciano Mountain Preserve	110,000	110,000
Haslett Basin Property	75,325	75,325
Martin Preserve	785,380	785,380
Bean Creek	<u>203,000</u>	<u>203,000</u>
	<u>4,558,965</u>	<u>4,558,965</u>
Total Other Preserves	4,558,965	4,558,965
	<u>\$ 7,263,892</u>	<u>\$ 7,304,344</u>
Total Conserved Land	\$ 7,263,892	\$ 7,304,344

At June 30, 2016, the Conservancy owns in fee title approximately 6,400 acres of foothill land preserved and protected within the Central California area. The value of conserved land that has been permanently restricted by the donors totaled \$6,648,000 each year at June 30, 2016 and 2015.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Conservancy maintains balances in various accounts with banks and brokerage institutions. At June 30, 2016 and 2015, no balances were in excess of insurance provided by FDIC, SIPC and brokerage private insurance for cash and cash equivalents or investment securities.

NOTE 9 – LINES OF CREDIT AND LONG-TERM DEBT

The Conservancy has available for use, a \$100,000 working capital line of credit with Central Valley Community Bank (“CVCB”). During the years ended June 30, 2016 and June 30, 2015, no amounts were drawn on the line of credit and no amounts were outstanding. Interest on the line accrues at the bank’s reference rate plus 2.75% and at no time will be less than 5.00%. Amounts drawn on the line of credit are secured by substantially all of the Conservancy’s assets, other than conserved land. The line of credit was renewed on substantially similar terms through August 2018.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 9 – LINES OF CREDIT AND LONG-TERM DEBT (Continued)

The LLC had a commercial loan with CVCB during the year ended June 30, 2014 which was paid by the Conservancy. Concurrent with the principal payment to CVCB by the Conservancy during the year ended June 30, 2014, a promissory note was established with the LLC for repayment in the amount of \$232,391. Terms of the note requires repayment by the LLC at a rate of \$2,087 per month including interest accruing at a rate of 5.50% annually. At June 30, 2016, the balance remaining on the promissory note was \$174,888. Total interest paid to the Conservancy by the LLC for the year ended June 30, 2016 was \$10,904 and was eliminated as an inter-company transaction during consolidation of the financial statements.

NOTE 10 – FAIR VALUE MEASUREMENTS

In accordance with generally accepted accounting principles, fair value is defined as the price that the entity would receive upon selling an asset or pay to transfer a liability at the reporting date. Generally accepted accounting principles establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and fair value is determined through the use of other valuation methodologies

Level 3 – Valuations based on inputs that are not observable and significant to the overall fair value measurement, including the entity's own assumptions in determining the fair value of assets or liabilities

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 10 – FAIR VALUE MEASUREMENTS (Continued)

The following is a summary of the inputs used as of June 30 in valuing the Conservancy's financial assets carried at fair value:

	2016			
	Level 1	Level 2	Level 3	Total
Types of investments:				
Equity securities	\$ 1,979,922	\$ -	\$ -	\$ 1,979,922
Bond mutual funds	548,954	-	-	548,954
Central Valley Community Foundation Investment Pool	-	112,693	-	112,693
 Total investment securities	\$ 2,528,876	\$ 112,693	\$ -	\$ 2,641,569
	2015			
	Level 1	Level 2	Level 3	Total
Types of investments:				
Equity securities	\$ 1,615,967	\$ -	\$ -	\$ 1,615,967
Bond mutual funds	1,073,470	-	-	1,073,470
Central Valley Community Foundation Investment Pool	-	114,993	-	114,993
 Total investment securities	\$ 2,689,437	\$ 114,993	\$ -	\$ 2,804,430

NOTE 11 – BOARD DESIGNATED AND RESTRICTED NET ASSETS

Board Designated Net Assets

Board Designated Net Assets consist of the following at June 30:

	2016	2015
Black Mountain Ridge	\$ 190,000	\$ 190,000
Franklin Property	140,000	140,000
Morrison Property	156,601	156,601
Reed Property	60,000	-
 Total board designated net assets	\$ 546,601	\$ 486,601

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 – BOARD DESIGNATED AND RESTRICTED NET ASSETS (Continued)

Temporarily Restricted Net Assets

Temporarily Restricted Net Assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
McKenzie Trust	\$ 774,805	\$ 817,343
Conservation Easement Monitoring Fund	257,878	271,281
Kennedy Table Management	23,819	36,437
Fine Gold Management	45,335	51,751
PG&E Education Grant	-	1,082
Edison Grant	-	6,062
Feliciana Mountain Maintenance Fund	46,091	53,539
Conservation Easement Defense Fund	71,690	67,324
Point Millerton CE Maintenance	13,714	9,931
Stewardship Council Fund	-	10,999
Land Trust Alliance Excellence Grant	7,500	-
Table Mountain Fund	-	13,362
Campos Fund	232,432	246,140
Martin Interim Fund	295,867	319,835
Ethos/OUTside Youth Grant	-	17,510
Bechtel Capacity Building Grant	-	4,512
Tivy E. Interim	82,032	86,379
Tivy W. Interim	84,201	88,548
REI Trail Building Grant	5,000	-
Pulvinos/Bean Creek	-	5,173
	<u> </u>	<u> </u>
Total temporarily restricted net assets	<u>\$ 1,940,364</u>	<u>\$ 2,107,208</u>

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 – BOARD DESIGNATED AND RESTRICTED NET ASSETS (Continued)

Permanently Restricted Net Assets

Permanently Restricted Net Assets consist of the original appraised values of land contributions and endowment funds as follows at June 30:

	<u>2016</u>	<u>2015</u>
Conserved Land:		
Tivy Mountain Preserve:		
Tivy Mountain Preserve	\$ 164,000	\$ 164,000
DeLeon Property	100,000	100,000
Carter Property	59,000	59,000
Beach Property	<u>135,000</u>	<u>135,000</u>
Total Tivy Mountain Preserve	458,000	458,000
Black Mountain Miller Preserve:		
Miller Preserve	142,000	142,000
Ferrell Property	364,000	364,000
Kneeland/Shows Property	<u>1,130,000</u>	<u>1,130,000</u>
Total Black Mountain Miller Preserve	1,636,000	1,636,000
Other Preserves:		
Table Mountain Preserve	592,000	592,000
Fine Gold Creek	2,793,260	2,793,260
Haslett Basin Property	70,000	70,000
Feliciana Mountain Preserve	110,000	110,000
Bean Creek	203,000	203,000
Martin Preserve	<u>785,380</u>	<u>785,380</u>
Total Other Preserve	4,553,640	4,553,640
Endowment Funds:		
Kennedy Table Endowment	144,336	144,336
Fine Gold Endowment	126,236	126,236
Feliciana Mountain Endowment	145,500	145,500
Campos Endowment	378,200	378,200
Tivy E. Endowment	105,732	105,732
Tivy W. Endowment	105,732	105,732
McKenzie/MQ2 Endowment	<u>97,750</u>	<u>97,750</u>
Total Endowment Funds	<u>1,103,486</u>	<u>1,103,486</u>
Total Permanently Restricted Net Assets	<u>\$ 7,751,126</u>	<u>\$ 7,751,126</u>

See Independent Auditor's Report.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 11 – BOARD DESIGNATED AND RESTRICTED NET ASSETS (Continued)

Permanently Restricted Net Assets (Continued)

Changes in Permanently Restricted Funds and the related Unrestricted and Temporarily Restricted Funds, arising from such Permanently Restricted Funds consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2014	\$ -	\$ 293,534	\$ 7,653,376	\$ 7,946,910
Total investment return, net	(247)	9,843	-	9,596
Contributions and others	-	-	97,750	97,750
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(21,300)</u>	<u>-</u>	<u>(21,300)</u>
Endowment net assets, June 30, 2015	(247)	282,077	7,751,126	8,032,956
Total investment return, net	(233)	(12,324)	-	(12,557)
Contributions and others	-	-	-	-
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(16,257)</u>	<u>-</u>	<u>(16,257)</u>
Endowment net assets, June 30, 2016	<u>\$ (480)</u>	<u>\$ 253,496</u>	<u>\$ 7,751,126</u>	<u>\$ 8,004,142</u>

A description of the amounts classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets at June 30 is as follows:

	<u>2016</u>	<u>2015</u>
Permanently restricted net assets:		
Portion of Permanently Restricted Funds that are required to be retained permanently either by explicit donor stipulations or by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA")	<u>\$ 7,751,126</u>	<u>\$ 7,751,126</u>
Temporarily restricted net assets:		
Portion of Temporarily Restricted Funds, arising from Permanently Restricted Funds, subject to a purpose restriction under UPMIFA	\$ 253,496	\$ 282,077
Temporary net assets with purpose restriction	<u>1,686,868</u>	<u>1,825,131</u>
Total temporarily restricted net assets	<u>\$ 1,940,364</u>	<u>\$ 2,107,208</u>

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 11 – BOARD DESIGNATED AND RESTRICTED NET ASSETS (Continued)

Interpretation of Relevant Law

The Board of Directors of the Conservancy has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) to require classification, as Permanently Restricted Net Assets, 1) the fair value of a gift of Permanently Restricted Funds, 2) the original value of any subsequent such gifts, and 3) any non-spendable accumulations on such gifts.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no other subsequent events that have occurred from June 30, 2016 through the date the financial statements were available to be issued on December 5, 2016 that would require disclosure or adjustment.

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ADDITIONAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Board of Directors of
Sierra Foothill Conservancy

We have audited the consolidated financial statements of Sierra Foothill Conservancy as of and for the years ended June 30, 2016 and 2015, and have issued our report thereon dated December 5, 2016, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, operating expenses and cash flows are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Price Paige & Company

Clovis, California
December 5, 2016

677 Scott Avenue
Clovis, CA 93612
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**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016**

	<u>Sierra Foothill Conservancy</u>	<u>Sierra Lands Beef</u>	<u>Eliminating Entries</u>	<u>Consolidated Balance</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 423,468	\$ 8,395	\$ -	\$ 431,863
Investments	2,641,569	-	-	2,641,569
Grants and other receivable	299,223	-	(201,580)	97,643
Prepaid expenses and other assets	12,295	-	-	12,295
Property and equipment, net	482,176	14,148	-	496,324
Conserved land	<u>7,263,892</u>	<u>-</u>	<u>-</u>	<u>7,263,892</u>
Total assets	<u>\$ 11,122,623</u>	<u>\$ 22,543</u>	<u>\$ (201,580)</u>	<u>\$ 10,943,586</u>
<u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts payable	\$ 43,013	\$ 26,693	\$ (26,692)	\$ 43,014
Accrued expenses	56,879	-	-	56,879
Deferred revenue	106,713	-	-	106,713
Agency and trust fund	70,057	-	-	70,057
Note Payable	<u>-</u>	<u>174,888</u>	<u>(174,888)</u>	<u>-</u>
Total liabilities	<u>276,662</u>	<u>201,581</u>	<u>(201,580)</u>	<u>276,663</u>
Net Assets:				
Unrestricted:				
Undesignated	607,870	(179,038)	-	428,832
Board designated	<u>546,601</u>	<u>-</u>	<u>-</u>	<u>546,601</u>
Total unrestricted	1,154,471	(179,038)	-	975,433
Temporarily restricted	1,940,364	-	-	1,940,364
Permanently restricted	<u>7,751,126</u>	<u>-</u>	<u>-</u>	<u>7,751,126</u>
Total net assets	<u>10,845,961</u>	<u>(179,038)</u>	<u>-</u>	<u>10,666,923</u>
Total liabilities and net assets	<u>\$ 11,122,623</u>	<u>\$ 22,543</u>	<u>\$ (201,580)</u>	<u>\$ 10,943,586</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Sierra Foothill Conservancy</u>	<u>Sierra Lands Beef</u>	<u>Eliminating Entries</u>	<u>Consolidated Balance</u>
Revenues and support:				
Grant income	\$ 247,861	\$ -	-	\$ 247,861
Investment income (loss), net	(27,140)	-	(10,904)	(38,044)
Contribution and fundraising	194,462	-	-	194,462
Grazing fees	38,606	46,197	-	84,803
Fees for services	155,485	-	(20,425)	135,060
Membership dues	54,603	-	-	54,603
Gain on sale of property	12,142	-	-	12,142
Miscellaneous income	10,645	500	-	11,145
Rental income	12,000	-	-	12,000
Beef sales	<u>-</u>	<u>46,051</u>	<u>-</u>	<u>46,051</u>
 Total revenues and support	 698,664	 92,748	 (31,329)	 760,083
 Total costs and expenses	 <u>955,099</u>	 <u>110,097</u>	 <u>(31,329)</u>	 <u>1,033,867</u>
 Changes in net assets	 (256,435)	 (17,349)	 -	 (273,784)
 Net assets (deficit), beginning of year	 <u>11,102,396</u>	 <u>(161,689)</u>	 <u>-</u>	 <u>10,940,707</u>
 Net assets (deficit), end of year	 <u>\$ 10,845,961</u>	 <u>\$ (179,038)</u>	 <u>\$ -</u>	 <u>\$ 10,666,923</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Sierra Foothill Conservancy</u>	<u>Sierra Lands Beef</u>	<u>Eliminating Entries</u>	<u>Total</u>
Personnel costs:				
Salaries and wages	\$ 423,246	\$ -	\$ -	\$ 423,246
Employee benefits	19,845	-	-	19,845
Payroll taxes	<u>37,292</u>	<u>-</u>	<u>-</u>	<u>37,292</u>
Total personnel costs	480,383	-	-	480,383
Other costs and expenses:				
Advertising and promotion	-	722	-	722
Auto expense	14,806	2,449	-	17,255
Bank and finance charges	-	80	-	80
Community education	6,405	-	-	6,405
Conference expenses	10,208	-	-	10,208
Contracted services	108,786	-	-	108,786
Cost of cattle sold	-	13,305	-	13,305
Dues and subscriptions	6,712	-	-	6,712
Feed supplement	-	4,689	-	4,689
Grazing fees	-	43,816	-	43,816
Insurance	56,960	2,816	-	59,776
Interest expense	-	10,904	(10,904)	-
Loss on sale of assets	-	1,259	-	1,259
Licenses and permits	9,006	-	-	9,006
Management fee	-	20,425	(20,425)	-
Member events	39,014	-	-	39,014
Miscellaneous	6,724	214	-	6,938
Office expense	8,415	1,087	-	9,502
Postage and delivery	5,018	129	-	5,147
Printing and copying	14,430	-	-	14,430
Professional fees	72,632	271	-	72,903
Property taxes	6,600	-	-	6,600
Rent and related	20,888	-	-	20,888
Repairs and maintenance	13,546	129	-	13,675
Taxes and licenses	-	800	-	800
Travel	8,657	-	-	8,657
Utilities	<u>14,410</u>	<u>-</u>	<u>-</u>	<u>14,410</u>
Total other costs and expenses	<u>423,217</u>	<u>103,095</u>	<u>(31,329)</u>	<u>494,983</u>
Subtotal	903,600	103,095	(31,329)	975,366
Depreciation	<u>51,499</u>	<u>7,002</u>	<u>-</u>	<u>58,501</u>
Total costs and expenses	<u>\$ 955,099</u>	<u>\$ 110,097</u>	<u>\$ (31,329)</u>	<u>\$ 1,033,867</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

	Sierra Foothill Conservancy	Sierra Lands Beef	Eliminating Entries	Consolidated Balance
Cash flows from operating activities:				
Changes in net assets	\$ (256,435)	\$ (17,349)	\$ -	\$ (273,784)
Adjustments to reconcile change in net assets to				
Net cash provided by (used in) operating activities:				
Depreciation	51,499	7,002	-	58,501
Unrealized investment losses	163,826	-	-	163,826
Loss on disposition of assets	-	1,259	-	1,259
Gain/Loss on sale of land	(12,142)			(12,142)
Change in operating assets and liabilities:				
Grants and other receivable	(14,550)	-	-	(14,550)
Prepaid expenses and other assets	990	-	-	990
Inventories	-	3,904	-	3,904
Accounts payable	32,567	(8,011)	-	24,556
Accrued expenses	(3,555)	-	-	(3,555)
Agency and trust fund and deferred revenue	(43,680)	-	-	(43,680)
	(81,480)	(13,195)	-	(94,675)
Net cash provided by (used in) operating activities				
Cash flows from investing activities:				
Purchase of property, equipment and breeding cattle	(5,860)	(14,000)	-	(19,860)
Proceeds from sale of assets	52,594	-	-	52,594
Proceeds from sale of investment securities	206,593	-	-	206,593
Purchase of investment securities	(207,558)	-	-	(207,558)
	45,769	(14,000)	-	31,769
Net cash provided by (used in) investing activities				
Net increase (decrease) in cash and cash equivalents	(35,711)	(27,195)	-	(62,906)
Cash and cash equivalents, beginning of year	459,180	35,589	-	494,769
Cash and cash equivalents, end of year	\$ 423,469	\$ 8,394	\$ -	\$ 431,863
Supplemental disclosures of cash flow information:				
Taxes paid	\$ -	\$ 800		

See Independent Auditor's Report.