



SIERRA Foothill Conservancy
(A CALIFORNIA NON-PROFIT ORGANIZATION)

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018**

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

JUNE 30, 2019 AND 2018

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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, 2019 and 2018, 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 audit. We conducted our audit 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 consolidated 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, 2019 and 2018, 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 Paige & Company

Clovis, California
January 8, 2020

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 791,462	\$ 744,126
Investments	10,237,731	8,718,754
Grants and other receivables	190,610	350,905
Prepaid expenses and other assets	13,190	22,418
Inventories	19,200	19,200
Property and equipment, net	616,228	643,908
Conserved land	7,263,892	7,263,892
Total assets	\$ 19,132,313	\$ 17,763,203
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ 113,560	\$ 163,046
Accrued expenses	98,786	84,875
Line of credit	58,872	-
Deferred revenue	92,917	71,699
Agency and trust fund	89,615	83,765
Total liabilities	453,750	403,385
Net Assets:		
Net assets without donor restrictions	954,270	1,147,069
Net assets with donor restrictions	17,724,293	16,212,749
Total net assets	18,678,563	17,359,818
Total liabilities and net assets	\$ 19,132,313	\$ 17,763,203

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, 2019**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenues and support:			
Grant income	\$ 350,471	\$ -	\$ 350,471
Investment income (loss), net	12,927	713,151	726,078
Contribution and fundraising	3,298,390	1,253,738	4,552,128
Grazing fees	79,126	-	79,126
Fees for services	485,454	-	485,454
Membership dues	34,770	-	34,770
Gain on sale of property	-	-	-
Miscellaneous income	1,863	-	1,863
Rental income	2,869	9,031	11,900
Beef sales	43,201	-	43,201
Total revenues and support before net assets released from restrictions	4,309,071	1,975,920	6,284,991
Net assets released from restrictions	464,376	(464,376)	-
Total revenues and support after reclassification of net assets released from restrictions	4,773,447	1,511,544	6,284,991
Costs and expenses:			
Program services	4,324,806	-	4,324,806
Fundraising	241,671	-	241,671
General and administrative	330,508	-	330,508
Sierra Lands Beef, LLC	69,261	-	69,261
Total costs and expenses	4,966,246	-	4,966,246
Changes in net assets	(192,799)	1,511,544	1,318,745
Net assets, beginning of year	1,147,069	16,212,749	17,359,818
Net assets, end of year	\$ 954,270	\$ 17,724,293	\$ 18,678,563

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, 2018**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Revenues and support:			
Grant income	\$ 795,508	\$ -	\$ 795,508
Investment income (loss), net	6,653	614,566	621,219
Contribution and fundraising	1,428,790	542,930	1,971,720
Grazing fees	83,849	-	83,849
Fees for services	316,347	-	316,347
Membership dues	27,025	-	27,025
Gain on sale of property	5,600	-	5,600
Miscellaneous income	15,749	-	15,749
Rental income	10,850	-	10,850
Beef sales	<u>81,510</u>	<u>-</u>	<u>81,510</u>
Total revenues and support before net assets released from restrictions	2,771,881	\$ 1,157,496	\$ 3,929,377
Net assets released from restrictions	214,758	(214,758)	-
Total revenues and support after reclassification of net assets released from restrictions	<u>2,986,639</u>	<u>942,738</u>	<u>3,929,377</u>
Costs and expenses:			
Program services	2,597,243	-	2,597,243
Fundraising	247,726	-	247,726
General and administrative	250,709	-	250,709
Sierra Lands Beef, LLC	<u>64,985</u>	<u>-</u>	<u>64,985</u>
Total costs and expenses	<u>3,160,663</u>	<u>-</u>	<u>3,160,663</u>
Changes in net assets	(174,024)	942,738	768,714
Net assets, beginning of year	<u>1,321,093</u>	<u>15,270,011</u>	<u>16,591,104</u>
Net assets, end of year	<u>\$ 1,147,069</u>	<u>\$ 16,212,749</u>	<u>\$ 17,359,818</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, 2019**

	Supporting Services				Total
	Program Services	Fundraising	General and Administrative	Sierra Lands Beef	
Personnel costs:					
Salaries and wages	\$ 495,480	\$ 94,607	\$ 182,035	\$ -	\$ 772,122
Employee benefits	39,707	7,582	14,588	-	61,877
Payroll taxes	41,514	7,926	15,251	-	64,691
Total personnel costs	576,701	110,115	211,874	-	898,690
Other costs and expenses:					
Auto expense	10,864	2,075	3,992	3,865	20,796
Bank and finance charges	297	3,409	1,295	932	5,933
Community education	1,563	299	575	-	2,437
Conference expenses	11,349	2,167	4,169	-	17,685
Conservation easement	3,090,517	-	-	-	3,090,517
Contracted services	180,066	4,536	3,893	2,125	190,620
Cost of cattle sold	-	-	-	47,237	47,237
Dues and subscriptions	13,480	2,574	4,952	70	21,076
Feed supplements	-	-	-	3,034	3,034
Grazing fees	12,500	-	-	2,951	15,451
Insurance	34,169	6,524	12,553	2,566	55,812
Interest	239	46	88	-	373
Licenses and permits	12,295	2,348	4,517	-	19,160
Member events	17,103	68,371	689	-	86,163
Miscellaneous	2,418	465	889	3,083	6,855
Office expense	15,651	2,988	5,750	374	24,763
Postage and delivery	471	3,523	280	101	4,375
Printing and copying	2,005	9,568	6,116	-	17,689
Professional fees	204,622	-	17,615	289	222,526
Property taxes	1,238	236	455	-	1,929
Rent and related	10,873	2,079	3,995	-	16,947
Repairs and maintenance	29,895	-	-	1,704	31,599
Taxes and licenses	-	-	-	800	800
Travel	18,694	5,496	18,226	130	42,546
Utilities	23,927	4,568	8,790	-	37,285
Total other costs and expenses	3,694,236	121,272	98,839	69,261	3,983,608
Subtotal	4,270,937	231,387	310,713	69,261	4,882,298
Depreciation	53,869	10,284	19,795	-	83,948
Total costs and expenses	\$ 4,324,806	\$ 241,671	\$ 330,508	\$ 69,261	\$ 4,966,246

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, 2018**

	Supporting Services			Sierra Lands Beef	Total
	Program Services	Fundraising	General and Administrative		
Personnel costs:					
Salaries and wages	\$ 437,302	\$ 111,026	\$ 149,966	\$ -	\$ 698,294
Employee benefits	32,734	8,311	11,226	-	52,271
Payroll taxes	36,505	9,268	12,519	-	58,292
Total personnel costs	506,541	128,605	173,711	-	808,857
Other costs and expenses:					
Advertising and promotion	-	-	-	1,955	1,955
Auto expenses	11,534	2,928	3,955	4,087	22,504
Bank and finance charges	265	2,511	718	1,081	4,575
Community education	3,578	908	1,227	-	5,713
Conference expenses	12,290	3,120	4,214	-	19,624
Conservation easements	1,353,218	-	-	-	1,353,218
Contracted services	469,976	4,147	7,103	1,050	482,276
Cost of cattle sold	-	-	-	38,867	38,867
Dues and subscriptions	14,878	3,778	5,103	-	23,759
Feed supplements	-	-	-	2,669	2,669
Grazing fees	-	-	-	12,035	12,035
Insurance	26,974	6,848	9,250	-	43,072
License and permits	3,509	891	1,203	-	5,603
Member events	4,501	56,080	655	-	61,236
Miscellaneous	972	247	333	589	2,141
Office expenses	19,149	4,862	6,567	309	30,887
Postage and delivery	525	3,383	537	70	4,515
Printing and copying	3,521	8,516	4,724	-	16,761
Professional fees	48,104	2,575	3,479	289	54,447
Property taxes	(375)	(95)	(128)	-	(598)
Rent and related	10,612	2,695	3,640	-	16,947
Repairs and maintenance	43,248	354	-	1,184	44,786
Taxes and licenses	-	-	-	800	800
Travel	10,504	1,734	5,996	-	18,234
Utilities	15,275	3,878	5,238	-	24,391
Total other costs and expenses	2,052,258	109,360	63,814	64,985	2,290,417
Subtotal	2,558,799	237,965	237,525	64,985	3,099,274
Depreciation	38,444	9,761	13,184	-	61,389
Total costs and expenses	\$ 2,597,243	\$ 247,726	\$ 250,709	\$ 64,985	\$ 3,160,663

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, 2019 AND 2018**

	2019	2018
Cash flows from operating activities:		
Changes in net assets	\$ 1,318,745	\$ 768,714
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	83,948	61,389
Unrealized investment (gains) losses	(678,346)	(425,094)
Change in operating assets and liabilities:		
Grants and other receivable	177,946	50,536
Prepaid expenses and other assets	9,228	(12,690)
Accounts payable	(67,137)	119,691
Accrued expenses	72,783	21,549
Agency and trust fund and deferred revenue	27,068	(3,241)
Net cash provided by (used in) operating activities	944,235	580,854
Cash flows from investing activities:		
Purchase of property, equipment and breeding cattle	(56,268)	(219,210)
Proceeds from sale of investment securities	-	198,321
Purchase of investment securities	(840,631)	(726,222)
Net cash provided by (used in) investing activities	(896,899)	(747,111)
Net increase (decrease) in cash and cash equivalents	47,336	(166,257)
Cash and cash equivalents, beginning of year	744,126	910,383
Cash and cash equivalents, end of year	\$ 791,462	\$ 744,126
Supplemental disclosures of cash flow information:		
Taxes paid	\$ 800	\$ 800
Interest paid	\$ 373	\$ -

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

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Conservancy has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Classification of Net Assets

The financial statements of the Conservancy have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Conservancy to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Conservancy. These net assets may be used at the discretion of the Conservancy’s management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Conservancy or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund and Endowment Investment Spending Policies

The Conservancy has adopted investment and spending policies for its Net Assets with Donor Restrictions (“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, 2019, 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, 2019 AND 2018**

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.

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.

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.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions and net assets released from restriction if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Advertising and Promotion

The Conservancy expenses all advertising and promotion costs as incurred. There were no advertising and promotion expenses for the year ended June 30, 2019 and \$1,955 for the year ended June 30, 2018.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities of the Conservancy have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities (fundraising and general and administrative) based on management's estimate of the actual personnel and facilities utilized in such activities.

The expenses that allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and wages	Time & Effort
Employee benefits	Time & Effort
Payroll taxes	Time & Effort
Auto expense	Time & Effort
Community education	Time & Effort
Conference expenses	Time & Effort
Dues and subscriptions	Time & Effort
Insurance	Time & Effort
Interest expense	Time & Effort
Licenses and permits	Time & Effort
Miscellaneous	Time & Effort
Office expense	Time & Effort
Property taxes	Time & Effort
Rent	Time & Effort
Utilities	Time & Effort
Depreciation	Time & Effort

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure within one year consist of the following at June 30, 2019:

Cash and cash equivalents	\$ 791,462
Investment securities	10,237,731
Grants and other receivable	<u>190,610</u>
	11,219,803
Less amounts not available to be used within one year	
Donor-restricted with liquidity horizons greater than one year	<u>(10,768,898)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 450,905</u>

The Conservancy's goal is generally to maintain financial assets to meet 180 days of operating expenses. As part of the Conservancy's liquidity management plan, cash in excess of daily requirements are maintained in cash and cash equivalent accounts for immediate access should those funds be needed. Funds in excess of daily cash requirements may be used to meet unexpected liquidity needs.

NOTE 4 – INVESTMENTS

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

	<u>2019</u>	<u>2018</u>
Equity securities	\$ 6,688,442	\$ 5,265,759
Bond mutual funds	<u>3,549,289</u>	<u>3,452,995</u>
Total investments	<u>\$ 10,237,731</u>	<u>\$ 8,718,754</u>

The Conservancy maintains all of its investment funds at Sigma Financial Corporation and Vanguard Financial Corporation. At June 30, 2019 and 2018, investments held at Sigma Financial Corporation and Vanguard Financial Corporation had an approximate value of \$10,238,000 and \$8,719,000, respectively.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 4 – INVESTMENTS (Continued)

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

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 49,909	\$ 198,321
Realized and unrealized gains (losses)	678,346	425,094
Investment fees	<u>(2,177)</u>	<u>(2,196)</u>
Investment income (loss), net	<u>\$ 726,078</u>	<u>\$ 621,219</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 Statements of Activities.

NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Autos and trucks	\$ 174,641	\$ 174,641
Improvements	886,282	843,383
Office equipment	16,732	13,728
Maintenance equipment	75,825	65,460
Breeding cattle and horses	<u>6,500</u>	<u>6,500</u>
Subtotal	1,159,980	1,103,712
Less accumulated depreciation and amortization	<u>(543,752)</u>	<u>(459,804)</u>
Property and equipment, net	<u>\$ 616,228</u>	<u>\$ 643,908</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$83,948 and \$61,389, respectively.

NOTE 6 – CONSERVATION EASEMENTS

During the year ended June 30, 2019, the Conservancy received donated conservation easements valued at approximately \$3,523,000 on 1,799 acres of land. During the year ended June 30, 2018, the Conservancy received donated conservation easements valued at approximately \$1,353,000 on 1,190 acres of land. At June 30, 2019, the Conservancy acquired conservation easements, either through donations or purchases, on approximately 23,077 acres of land throughout the Central California area.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 – CONSERVED LAND

Conserved land consisted of the following at June 30:

	<u>2019</u>	<u>2018</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>
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	<u>1,186,435</u>	<u>1,186,435</u>
Total Black Mountain Miller Preserve	<u>1,950,326</u>	<u>1,950,326</u>
Other Preserves:		
Table Mountain Preserve	592,000	592,000
Fine Gold Creek	2,793,260	2,793,260
Feliciana 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>
Total Other Preserves	<u>4,558,965</u>	<u>4,558,965</u>
Total Conserved Land	<u>\$ 7,263,892</u>	<u>\$ 7,263,892</u>

At June 30, 2019, 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 subject to restrictions in perpetuity by the donors totaled approximately \$6,648,000 each year at June 30, 2019 and 2018.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Conservancy maintains balances in various accounts with banks and brokerage institutions. At June 30, 2019 and 2018, there were no funds in excess of insurance provided by FDIC, SIPC and brokerage private insurance for cash and cash equivalents or investment securities, respectively.

Accounts maintained at SIGMA and Vanguard are protected in accordance with the Securities Investor Protection Corporation (“SIPC”) up to \$500,000. The \$500,000 total amount of SIPC protection is inclusive of up to \$250,000 protection for claims for cash. SIGMA also has additional protection for cash and covered securities called “excess of SIPC” coverage, from Lloyd’s of London together with other insurers.

This additional protection would only be used when SIPC coverage is exhausted. Total aggregate excess of SIPC coverage available in excess of SIPC policy is \$1 billion. Neither coverage protects against a decline in the market value of securities, nor do they cover other claims for losses incurred while broker-dealers remain in business.

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 year ended June 30, 2019, the highest balance drawn on the line of credit was \$60,000. No amounts were drawn on the line of credit during the year ended June 30, 2018. The Conservancy had balance due on the line of credit for \$58,872 and none for the years ended June 30, 2019 and 2018, respectively. Interest on the line accrues at 6.75%. 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 2020.

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, 2019, the balance remaining on the promissory note was \$124,712. Total interest paid to the Conservancy by the LLC for the year ended June 30, 2019 was \$7,389 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.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 10 – FAIR VALUE MEASUREMENTS (Continued)

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

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

	2019			
	Level 1	Level 2	Level 3	Total
Types of investments:				
Equity securities	\$ 6,688,442	\$ -	\$ -	\$ 6,688,442
Bond mutual funds	3,549,289	-	-	3,549,289
 Total investment securities	 \$ 10,237,731	 \$ -	 \$ -	 \$ 10,237,731
	2018			
	Level 1	Level 2	Level 3	Total
Types of investments:				
Equity securities	\$ 5,265,759	\$ -	\$ -	\$ 5,265,759
Bond mutual funds	3,452,995	-	-	3,452,995
 Total investment securities	 \$ 8,718,754	 \$ -	 \$ -	 \$ 8,718,754

NOTE 11 – BOARD DESIGNATED NET ASSETS

Board designated net assets are net assets without donor restrictions in which the Board of the Conservancy has designated for specific purposes. Board designated net assets consisted of the following at June 30:

	2019	2018
Black Mountain Ridge	\$ 190,000	\$ 190,000
Franklin Property	140,000	140,000
Morrison Property	156,601	156,601
Reed Property	8,216	27,096
 Total board designated net assets	 \$ 494,817	 \$ 513,697

See Independent Auditor’s Report.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with donor restrictions consisted of the following at June 30:

	<u>2019</u>	<u>2018</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	<u>458,000</u>	<u>458,000</u>
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	<u>1,636,000</u>	<u>1,636,000</u>
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 preserves	<u>4,553,640</u>	<u>4,553,640</u>
Endowment Funds:		
Kennedy Table Endowment	215,534	202,171
Fine Gold Endowment	215,238	202,814
Feliciana Mountain Endowment	232,198	222,027
Campos Endowment	649,433	604,484
Lower Jamison Endowment	3,006,292	2,797,519
Upper Jamison Endowment	2,329,373	2,168,149
Tivy E. Endowment	152,897	142,314
Tivy W. Endowment	152,897	142,314
McKenzie/MQ2 Endowment	119,484	111,215
North Shore Endowment	<u>890,797</u>	<u>-</u>
Total endowment funds	<u>7,964,143</u>	<u>6,593,007</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net Assets with donor restrictions consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Other Funds:		
McKenzie Trust	\$ 932,911	\$ 892,782
Conservation Easement Monitoring Fund	351,085	320,732
Conservation Easement Defense Fund	206,851	152,922
Stewardship Council Fund	358,843	186,975
Campos Fund	52,689	81,673
Martin Interim Fund	261,939	281,836
Lower Jamison Interim	103,532	156,475
Upper Jamison Interim	282,517	358,420
Tivy E. Interim	77,180	75,352
Tivy W. Interim	79,349	77,521
Bohna Interim Fund	23,351	27,140
Bohna Long Term Fund	193,979	180,553
Pulvinos/Bean Creek	16,817	19,901
Youth Outside Grant	60,000	91,250
Rose Foundation Grant	3,402	63,570
Land Trust Alliance Grant	-	5,000
Stewardship Funds - Mastain CE	28,248	-
North Shore Interim Fund	59,657	-
McKenzie Campaign	20,160	-
Total other funds	<u>3,112,510</u>	<u>2,972,102</u>
 Total net assets with donor restrictions	 <u>\$ 17,724,293</u>	 <u>\$ 16,212,749</u>

**SIERRA FOOTHILL CONSERVANCY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS (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 Endowment Net Assets (a component of net assets with donor restrictions), 1) the fair value of a gift of net assets with donor restrictions in which principal is to be maintained in perpetuity, 2) the original value of any subsequent such gifts, and 3) any non-spendable accumulations on such gifts.

Endowment Net Assets

Changes in Endowment Net Asset funds consisted of the following:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, June 30, 2017	\$ -	\$ 12,778,700	\$ 12,778,700
Total investment return, net	-	471,233	471,233
Appropriation of endowment assets for expenditure	-	(9,285)	(9,285)
Endowment net assets, June 30, 2018	-	13,240,648	13,240,648
Total investment return, net	-	550,928	550,928
Contributions and others	-	829,740	829,740
Appropriation of endowment assets for expenditure	-	(9,532)	(9,532)
Endowment net assets, June 30, 2019	<u>\$ -</u>	<u>\$ 14,611,784</u>	<u>\$ 14,611,784</u>

NOTE 13 – EMPLOYEE RETIREMENT PLAN

The Conservancy maintains a Savings Incentive Match Plan (5305-SIMPLE) covering eligible employees who meet certain minimum service requirements. The Conservancy provides a matching contribution equal to the employee’s salary reduction contributions up to a percentage limit of the employee’s annual compensation for the year. This percentage is determined by the Board of Directors annually. The current matching percentage is 3%. Contributions totaling \$19,401 and \$17,694 for the years ended June 30, 2019 and 2018, respectively, were made by the Conservancy, in addition to elective deferrals made by employees.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated and concluded that there are no other subsequent events that have occurred from June 30, 2019 through the date the financial statements were available to be issued on January 8, 2020 that would require disclosure or adjustment.

SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY 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, 2019 and 2018, and have issued our report thereon dated January 8, 2020, 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
January 8, 2020

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Clovis, CA 93612

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SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	<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	\$ 779,620	\$ 11,842	\$ -	\$ 791,462
Investments	10,237,731	-	-	10,237,731
Grants and other receivables	315,322	-	(124,712)	190,610
Prepaid expenses and other assets	13,190	-	-	13,190
Inventories	-	19,200	-	19,200
Property and equipment, net	616,080	148	-	616,228
Conserved land	<u>7,263,892</u>	<u>-</u>	<u>-</u>	<u>7,263,892</u>
Total assets	<u>\$ 19,225,835</u>	<u>\$ 31,190</u>	<u>\$ (124,712)</u>	<u>\$ 19,132,313</u>
<u>Liabilities and Net Assets</u>				
Liabilities:				
Accounts payable	\$ 103,732	\$ 9,828	\$ -	\$ 113,560
Accrued expenses	98,786	-	-	98,786
Line of credit	58,872	-	-	58,872
Deferred revenue	92,917	-	-	92,917
Agency and trust fund	89,615	-	-	89,615
Note payable	<u>-</u>	<u>124,712</u>	<u>(124,712)</u>	<u>-</u>
Total liabilities	<u>443,922</u>	<u>134,540</u>	<u>(124,712)</u>	<u>453,750</u>
Net Assets:				
Net assets without donor restrictions	1,057,620	(103,350)	-	954,270
Net assets with donor restrictions	<u>17,724,293</u>	<u>-</u>	<u>-</u>	<u>17,724,293</u>
Total net assets	<u>18,781,913</u>	<u>(103,350)</u>	<u>-</u>	<u>18,678,563</u>
Total liabilities and net assets	<u>\$ 19,225,835</u>	<u>\$ 31,190</u>	<u>\$ (124,712)</u>	<u>\$ 19,132,313</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Sierra Foothill Conservancy</u>	<u>Sierra Lands Beef</u>	<u>Eliminating Entries</u>	<u>Consolidated Balance</u>
Revenues and support:				
Grant income	\$ 350,471	\$ -	\$ -	\$ 350,471
Investment income (loss), net	733,467	-	(7,389)	726,078
Contribution and fundraising	4,552,128	-	-	4,552,128
Grazing fees	27,842	72,760	(21,476)	79,126
Fees for services	490,420	-	(4,966)	485,454
Membership dues	34,770	-	-	34,770
Miscellaneous income	1,207	656	-	1,863
Rental income	11,900	-	-	11,900
Beef sales	-	43,201	-	43,201
	<u>6,202,205</u>	<u>116,617</u>	<u>(33,831)</u>	<u>6,284,991</u>
Total revenues and support				
	<u>4,896,985</u>	<u>103,092</u>	<u>(33,831)</u>	<u>4,966,246</u>
Total costs and expenses				
Changes in net assets	1,305,220	13,525	-	1,318,745
Net assets (deficit), beginning of year	<u>17,476,693</u>	<u>(116,875)</u>	<u>-</u>	<u>17,359,818</u>
Net assets (deficit), end of year	<u>\$ 18,781,913</u>	<u>\$ (103,350)</u>	<u>\$ -</u>	<u>\$ 18,678,563</u>

See Independent Auditor's Report.

SIERRA Foothill CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Sierra Foothill Conservancy</u>	<u>Sierra Lands Beef</u>	<u>Eliminating Entries</u>	<u>Total</u>
Personnel costs:				
Salaries and wages	\$ 772,122	\$ -	\$ -	\$ 772,122
Employee benefits	61,877	-	-	61,877
Payroll taxes	<u>64,691</u>	<u>-</u>	<u>-</u>	<u>64,691</u>
Total personnel costs	<u>898,690</u>	<u>-</u>	<u>-</u>	<u>898,690</u>
Other costs and expenses:				
Auto expense	16,931	3,865	-	20,796
Bank and finance charges	5,001	932	-	5,933
Community education	2,437	-	-	2,437
Conference expenses	17,685	-	-	17,685
Conservation easement	3,090,517	-	-	3,090,517
Contracted services	188,495	2,125	-	190,620
Cost of cattle sold	-	47,237	-	47,237
Dues and subscriptions	21,006	70	-	21,076
Feed supplement	-	3,034	-	3,034
Grazing fees	12,500	24,427	(21,476)	15,451
Insurance	53,246	2,566	-	55,812
Interest expense	373	7,389	(7,389)	373
Licenses and permits	19,160	-	-	19,160
Management fee	-	4,966	(4,966)	-
Member events	86,163	-	-	86,163
Miscellaneous	3,772	3,083	-	6,855
Office expense	24,389	374	-	24,763
Postage and delivery	4,274	101	-	4,375
Printing and copying	17,689	-	-	17,689
Professional fees	222,237	289	-	222,526
Property taxes	1,929	-	-	1,929
Rent and related	16,947	-	-	16,947
Repairs and maintenance	29,895	1,704	-	31,599
Taxes and licenses	-	800	-	800
Travel	42,416	130	-	42,546
Utilities	<u>37,285</u>	<u>-</u>	<u>-</u>	<u>37,285</u>
Total other costs and expenses	<u>3,914,347</u>	<u>103,092</u>	<u>(33,831)</u>	<u>3,983,608</u>
Subtotal	4,813,037	103,092	(33,831)	4,882,298
Depreciation	<u>83,948</u>	<u>-</u>	<u>-</u>	<u>83,948</u>
Total costs and expenses	<u>\$ 4,896,985</u>	<u>\$ 103,092</u>	<u>\$ (33,831)</u>	<u>\$ 4,966,246</u>

See Independent Auditor's Report.

**SIERRA FOOTHILL CONSERVANCY
CONSOLIDATING SCHEDULE, STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Sierra Foothill Conservancy</u>	<u>Sierra Lands Beef</u>	<u>Eliminating Entries</u>	<u>Consolidated Balance</u>
Cash flows from operating activities:				
Changes in net assets	\$ 1,305,221	\$ 13,524	\$ -	\$ 1,318,745
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	83,948	-	-	83,948
Unrealized investment (gains) losses	(678,346)	-	-	(678,346)
Change in operating assets and liabilities:				
Grants and other receivable	177,946	-	-	177,946
Prepaid expenses and other assets	9,228	-	-	9,228
Accounts payable	(43,892)	(23,245)	-	(67,137)
Accrued expenses	72,783	-	-	72,783
Agency and trust fund and deferred revenue	<u>27,068</u>	<u>-</u>	<u>-</u>	<u>27,068</u>
Net cash provided by (used in) operating activities	<u>953,956</u>	<u>(9,721)</u>	<u>-</u>	<u>944,235</u>
Cash flows from investing activities:				
Purchase of property, equipment and breeding cattle	(56,268)	-	-	(56,268)
Proceeds from sale of investment securities	-	-	-	-
Purchase of investment securities	<u>(840,631)</u>	<u>-</u>	<u>-</u>	<u>(840,631)</u>
Net cash provided by (used in) investing activities	<u>(896,899)</u>	<u>-</u>	<u>-</u>	<u>(896,899)</u>
Net increase (decrease) in cash and cash equivalents	57,057	(9,721)	-	47,336
Cash and cash equivalents, beginning of year	<u>722,563</u>	<u>21,563</u>	<u>-</u>	<u>744,126</u>
Cash and cash equivalents, end of year	<u>\$ 779,620</u>	<u>\$ 11,842</u>	<u>\$ -</u>	<u>\$ 791,462</u>
Supplemental disclosures of cash flow information:				
Taxes paid	<u>\$ -</u>	<u>\$ 800</u>		
Interest paid	<u>\$ 373</u>	<u>\$ -</u>		

See Independent Auditor's Report.