

TURTLE CONSERVANCY
(A 501(c)(3) ORGANIZATION)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

YEAR ENDED
DECEMBER 31, 2013

TURTLE CONSERVANCY
(A 501(c)(3) ORGANIZATION)

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Turtle Conservancy:

We have audited the accompanying financial statements of Turtle Conservancy (a 501(c) (3) organization) , which comprise the statements of financial position as of December 31, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 Plan's preparation and fair presentation of the 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 Plan'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turtle Conservancy as of December 31, 2013, and the changes in its financial status for the year then ended in accordance with accounting principles generally accepted in the United States of America.



New York, NY
December 10, 2014

TURTLE CONSERVANCY
(A 501(c) (3) ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

<u>ASSETS</u>	Unrestricted	Temporarily Restricted	Total
CURRENT:			
Cash and cash equivalents	\$ 159,590	\$ 87,564	\$ 247,154
Inventory	10,949	-	10,949
Prepaid expenses	3,326	-	3,326
TOTAL CURRENT ASSETS	173,865	87,564	261,429
OTHER:			
Property and equipment, net of accumulated depreciation and amortization of \$236,351	584,961	-	584,961
TOTAL ASSETS	\$ 758,826	\$ 87,564	\$ 846,390
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT:			
Accrued expenses	\$ 46,514	\$ -	\$ 46,514
Accounts payable, credit cards	7,351	-	7,351
Payroll and payroll taxes payable	8,972	-	8,972
Sales tax payable	1,345	-	1,345
TOTAL CURRENT LIABILITIES	64,182	-	64,182
NET ASSETS	694,644	87,564	782,208
TOTAL LIABILITIES AND NET ASSETS	\$ 758,826	\$ 87,564	\$ 846,390

TURTLE CONSERVANCY
(A 501(c) (3) ORGANIZATION)
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Contributions	\$ 1,060,114	\$ 60,000	\$ 1,120,114
Special Events, Turtle Ball	141,282	-	141,282
Membership Fees	13,516	-	13,516
Animal sales	14,215	-	14,215
Rental income	5,308	-	5,308
Magazine sales and other revenue	9,307	-	9,307
Net assets released from restriction	83,610	(83,610)	-
Total support and revenue	<u>1,327,352</u>	<u>(23,610)</u>	<u>1,303,742</u>
Operating expenses			
Program Services	824,703	-	824,703
Fundraising expenses	179,413	-	179,413
Management and general	133,871	-	133,871
Total operating expenses	<u>1,137,987</u>	<u>-</u>	<u>1,137,987</u>
Increase in net assets	189,365	(23,610)	165,755
Net assets, beginning of year	<u>505,279</u>	<u>111,174</u>	<u>616,453</u>
Net assets, end of year	<u>\$ 694,644</u>	<u>\$ 87,564</u>	<u>\$ 782,208</u>

Turtle Conservancy
(A 501(c)(3) Organization)
Statement of Functional Expenses
Year Ended December 31, 2013

	Program Services				Support Services			Total expenses	
	Behler Chelonian Center	Ymphora	Global Awareness and Education	Burmese Star Tortoise	Bolson Tortoise	Total Program Services	Fundraising		Management and General
Salaries	\$ 227,969	\$ 6,324	\$ 21,924	\$ 25,397	\$ 13,077	\$ 294,691	\$ 20,775	\$ 56,233	\$ 371,699
Payroll taxes and employee benefits	21,730	603	1,963	2,410	1,140	27,846	1,812	4,904	34,562
Animal care and supplies	36,790	6,537	-	-	-	43,327	-	-	43,327
Plant and nursery supplies	9,215	2,398	-	-	-	11,613	-	-	11,613
Depreciation	36,633	83	-	-	-	36,716	-	-	36,716
Rent expense	112,200	19,800	-	-	-	132,000	-	-	132,000
Repairs and maintenance	18,755	-	-	-	-	18,755	-	1,614	20,369
Utilities	51,631	-	-	-	-	51,631	-	2,654	54,285
Veterinary expense	6,259	1,184	-	-	-	7,443	-	-	7,443
Insurance	17,630	-	-	-	-	17,630	-	1,423	19,053
Travel and transportation	7,913	19,400	32,392	11,413	645	71,763	-	-	71,763
Dues and subscriptions	3,689	-	-	-	-	3,689	-	-	3,689
Leased labor	24,176	-	-	-	-	24,176	-	-	24,176
Communications	2,214	-	-	-	-	2,214	-	-	2,214
Meals and entertainment	2,450	-	552	-	-	3,002	-	6,627	8,841
Grants	-	11,428	-	-	-	11,428	10,703	-	22,131
Printing and publications	-	-	16,237	-	-	16,237	37,745	4,506	58,488
Public relations	-	-	-	-	-	-	97,349	-	97,349
Marketing activities	-	-	21,817	-	-	21,817	8,935	-	30,752
Professional fees	-	520	-	-	-	520	-	41,632	42,152
Conferences and conventions	-	-	8,485	-	-	8,485	-	-	8,485
Payroll service fees	3,200	-	-	-	-	3,200	-	-	3,200
Office supplies	9,887	-	-	-	-	9,887	-	7,104	16,991
Credit card fees	-	-	-	-	-	-	2,094	-	2,094
Miscellaneous	6,624	-	-	-	9	6,633	-	3,619	10,252
Excise, sales and use taxes	-	-	-	-	-	-	-	1,345	1,345
Total expenses	\$ 598,965	\$ 68,277	\$ 103,370	\$ 39,220	\$ 14,871	\$ 824,703	\$ 179,413	\$ 133,871	\$ 1,137,987

Turtle Conservancy
(A 501(c) (3) Organization)
Statement of Cash Flows
Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 165,755
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	36,716
(Increase) decrease in assets:	
Inventory	(10,949)
Prepaid expenses	(3,326)
Increase (decrease) in liabilities:	
Accrued expenses	39,808
Accounts payable, credit cards	(7,697)
Payroll and payroll taxes payable	8,972
Sales tax payable	1,345
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>230,624</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(220,426)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(220,426)</u>
 INCREASE IN CASH AND CASH EQUIVALENTS	10,198
 CASH AND CASH EQUIVALENTS, beginning of year	<u>236,956</u>
 CASH AND CASH EQUIVALENTS, end of year	<u>\$ 247,154</u>

TURTLE CONSERVANCY
(A 501(c)(3) ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 - Description of the Organization and Formation

The Turtle Conservancy ("TC") is dedicated to preserving the world's most endangered tortoises and turtles and their habitats through innovative and strategic conservation, land preservation, training, education, field programs, and targeted assurance colonies. The organization is supported primarily through donor contributions. Approximately 55% of contributions were made by one individual, its president.

The organization was organized May 21, 2005 as a not-for-profit corporation in California under Section 501(c)(3) of the Internal Revenue Code. The organization currently is recognized as a private foundation.

TC is attempting to broaden its base of contributors. Presently TC would not be able to continue in existence without the financial support of its president.

During the year ended December 31, 2013 the organization funded the following programs:

Behler Chelonian Center – *A seven acre, AZA-certified zoological facility located in Southern California.* This facility breeds more critically endangered turtles and tortoise than any other institution in the world. Over thirty-three different species are kept at the Turtle Conservancy Breeding Center where husbandry expertise is both learned and taught to students from all over the world.

Yniphora Program – *Protecting the endangered Ploughshare Tortoise (Astrochelys Yniphora).* In Madagascar the TC collaborates with the Durrell Wildlife Conservative Trust in protecting the Ploughshare Tortoise from extinction. The Turtle Conservancy engages in education of communities and animal marking to eliminate the illegal poaching of Ploughshare Tortoises. In addition, TC is a leading member of the International Ansonoka Working Group which sets the direction for Ploughshare conservation worldwide.

Global Awareness and Education

With hope of inspiring a global groundswell of conservation action to save the world's turtles and tortoises, TC uses media and education in its ongoing *Turtles in Crisis* awareness campaign.

TC shines a spotlight on the global turtle crisis through a comprehensive and ongoing global media campaign. Since its inception, many millions of people have heard the message. Scientific and international media outlets including CBS 60 Minutes, PBS Charlie Rose, *The New Yorker*, the *Wall Street Journal*, the *New York Times*, the *Los Angeles Times*, and National Public Radio have profiled the Turtle Conservancy. The organization produces public service announcements, documentaries, and *The Tortoise*, a cutting edge conservation magazine that brings additional awareness to an ever increasing global audience.

In addition, TC annually hosts the renowned Turtle Ball in New York City where scientists, conservationists, celebrities, and artists gather to support the TC's work and a conservation ethic that is becoming increasingly important as more species of animals go

TURTLE CONSERVANCY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 - Description of the Organization and Formation (continued)

extinct with each passing day. Sponsored activities include live and silent auctions of donated art work, the proceeds of which go to support TC activities.

Burmese Star Tortoise Program

The Critically Endangered Burmese Star Tortoise is found only in the dry zone of central Myanmar. People have harvested it to near extinction because of its beautiful star patterned shell and gentle disposition. Today, the market value of one of the tortoise exceeds the annual wage of the people who reside in its native range.

TC is working toward creation of a native species education center to raise awareness of biodiversity in general and tortoises in particular. We intend to purchase an existing facility in Myanmar that specialized in breeding Burmese Star Tortoises for export to Japan until 2013 when international trade for commercial purposes was banned. The tortoises from this facility will be ambassadors in our planned education center and their offspring will provide genetic diversity to the ongoing reintroduction program. The education center will be associated with a hotel and a Buddhist monastery in historic Bagan, a top destination for international tourists to Myanmar. It will be managed and staffed primarily by local people.

Bolson Tortoise Program

TC together with the Andrew Sabin Family Foundation are working to purchase a significant portion of the last remaining habitat of the Bolson tortoise (*Gopherus flavomarginatus*). The largest of the North American terrestrial reptiles, this tortoise has only been known to science since 1959. It is restricted to a tiny location where Durango meets Chihuahua in Mexico. The Mapimí Biosphere Reserve was created to protect this species, but much of the land there is used in other ways and the tortoise's habitat is threatened by agricultural development and cattle grazing.

At the heart of the Mapimí Reserve is the *Rancho San Ignacio* – 43,589 acres of prime Bolson tortoise habitat. Our goal is to purchase this land and, with Mexican partners, manage it for the long-term protection of the tortoise and the rest of the rich biodiversity that also lives there.

Note 2 – Summary of Significant Accounting Policies

(a) **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting under which revenues are recognized when earned and expenses are recorded as incurred under generally accepted accounting principles (GAAP) for nonprofit organizations in the United States of America.

(b) **Net Assets**

TC prepares its financial statements following professional accounting standards where the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

TURTLE CONSERVANCY
(A 501(c)(3) ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 2 – Summary of Significant Accounting Policies (continued)

Unrestricted net assets:

The portion of net assets that is neither temporarily restricted nor permanently restricted by donor imposed stipulations

Temporarily restricted net assets:

The portion of net assets whose use by TC is limited by donor imposed stipulations that either will be fulfilled or expire by passage of time.

Restricted net assets:

The portion of net assets whose use by TC is limited by donor imposed stipulations that the net assets be held in perpetuity and its income be used for the stipulated purposes.

(c) Cash Equivalents

TC considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

(d) Promise to Give

Unconditional promises to give are recognized as revenues in the period such promises are made by the donor. Conditional promises to give are recognized only when conditions on which they depend are substantially met and the promise becomes unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable values. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their net realizable value, determined using the risk free interest rate applicable for the year in which the promises are to be received. Amortization of discounts is included in contribution revenue.

At December 31, 2013 there were no outstanding recognizable promises to give recorded on the books.

(e) Inventory

Inventory consists of magazines for sale which are carried at the lower of cost or market. Cost is determined using the first in, first out method.

(f) Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donations. Property and equipment are depreciated using the straight line method over useful lives ranging from 5 to 20 years. Leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the improvements. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to operations as incurred, renewals or betterments that extend the useful life of the assets are capitalized.

TURTLE CONSERVANCY
(A 501(c)(3) ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 2 – Summary of Significant Accounting Policies (continued)

(g) Revenue Recognition

In the absence of donor restrictions, contributions are considered to be available for unrestricted use. All revenue is recognized in the period when the contribution, pledge or unconditional promise to give is received.

(h) Contributed Services

From time to time unpaid volunteers contribute their time to TC activities. Such services do not meet the criteria for recognitions as contributions, and therefore their value has not been reflected in the accompanying financial statements.

(i) Fundraising Costs

Fundraising costs are generally recorded as expenses when the fundraising event takes place. Costs include marketing, public relations, and print costs. Fundraising costs were \$179,413 for the year ended December 31, 2013 of which \$103,462 represented costs associated with the Turtle Ball Event.

(j) Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense totaled \$30,752 for the year ended December 31, 2013.

(k) Income Taxes

TC has established tax exempt status under the Internal Revenue Code Section 501(c)(3). TC files tax returns in the United States federal jurisdiction and California and is classified as a private operating foundation.

TC recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a “more likely than not” threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. As of December 31, 2013 management has determined TC has no uncertain tax positions. TC recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense (none in 2013).

TC changed from a June 30th year end to a December 31st year end in 2012. Income tax returns for the years prior to June 30, 2010 are no longer subject to examination by the tax authorities. TC is relying on its tax exempt status and adheres to all applicable laws and regulations to preserve that status.

For the year ended December 31, 2013, TC did not engage in any activity that resulted in income or excise tax expense.

(l) Fair Value of Financial Instruments

The carrying amounts of certain financial instruments including cash, receivables and payables approximated fair value at December 31, 2013.

TURTLE CONSERVANCY
(A 501(c)(3) ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 2 – Summary of Significant Accounting Policies (continued)

(m) 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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(n) Long-lived Assets

The company evaluates long lived assets, specifically property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. There was no impairment losses recognized during the year ended December 31, 2013.

Note 3 – Concentration of Credit Risk

Financial instruments that potentially subject TC to concentrations of credit risk consist principally of cash and cash equivalents and investments. TC places its cash with high credit quality financial institutions. At times, the account balances may exceed the institution's federally insured limits. TC has not experienced any losses in such accounts.

For the year ended December 31, 2013, one donor accounted for 55% or more of total donations.

Note 4 – Inventory

Inventory consisted of the following magazine issues at December 31, 2013:

Tortoise Magazine Issue #1	\$ 1,773
Tortoise Magazine Issue #2	9,176
Total Inventory	<u>\$ 10,949</u>

Note 5 – Property and Equipment

Property and equipment consisted of the following at December 31, 2013:

Tortoise Houses	\$ 52,797
Machinery and equipment	65,778
Leasehold improvement	<u>702,737</u>
	\$ 821,312
Less: accumulated depreciation and amortization	<u>236,351</u>
Net book value	<u>\$ 584,961</u>

TURTLE CONSERVANCY
(A 501(c)(3) ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 6 – Temporarily Restricted Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2013:

Bolson Program	\$ 49,653
Yniphora Program	<u>37,911</u>
	<u>\$ 87,564</u>

Note 7 – Lease Commitment

TC leases its facilities in Ojai, California from a related party pursuant to a 10-year lease expiring on October 31, 2022. Under the terms of the lease, the landlord will donate the value of the lease (valued at \$132,000 per annum) for the entire 10-year lease term in addition to being responsible for all the real estate taxes. The lease also provides an additional ten-year extension at the option of TC. TC is responsible for utility and insurance costs. Utility and property insurance costs amounted to \$71,915 for the year ended December 31, 2013

Note 8 – Subsequent Events

In preparing these financial statements management has evaluated events and transactions for potential recognition of disclosure through December 10, 2014, the date the financial statements were available to be issued.