

CONSERVANCY OF SOUTHWEST FLORIDA, INC.

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2009 AND 2008

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
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SEPTEMBER 30, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Conservancy of Southwest Florida, Inc.
Naples, Florida

We have audited the accompanying statements of financial position of Conservancy of Southwest Florida, Inc. (the Organization) as of September 30, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conservancy of Southwest Florida, Inc. at September 30, 2009 and 2008, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

LarsonAllen LLP
LarsonAllen LLP

Naples, Florida
April 1, 2010



(1) LarsonAllen LLP is a member of Nexia International, a worldwide network of independent accounting and consulting firms.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2009 AND 2008

ASSETS	2009	2008
Cash and Cash Equivalents	\$ 359,449	\$ 154,926
Cash and Cash Equivalents - Restricted for Long Term Purposes	4,939,528	3,518,806
Accrued Interest Receivable	12,792	12,768
Unconditional Promises to Give, net	7,846,275	8,956,141
Inventory	97,644	93,405
Prepaid Expenses and Other Assets	154,794	168,266
Other Receivables	4,013	29,108
Investments	3,667,538	4,627,383
Property and Equipment, net	4,618,864	2,987,163
Land Held for Conservation	<u>5,036,680</u>	<u>5,036,680</u>
 Total Assets	 <u>\$ 26,737,577</u>	 <u>\$ 25,584,646</u>
LIABILITIES AND NET ASSETS		
 LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 531,892	\$ 478,571
Deferred Revenue	143,434	247,996
Facility Deposits	4,237	5,470
Notes Payable	<u>345,000</u>	<u>3,429</u>
 Total Liabilities	 <u>1,024,563</u>	 <u>735,466</u>
 NET ASSETS		
Unrestricted		
Undesignated	687,921	608,125
Designated for Property and Equipment	2,466,585	2,987,163
Board Designated	-	90,861
Total Unrestricted	<u>3,154,506</u>	<u>3,686,149</u>
Temporarily Restricted	13,516,076	13,078,954
Permanently Restricted	<u>9,042,432</u>	<u>8,084,077</u>
 Total Net Assets	 <u>25,713,014</u>	 <u>24,849,180</u>
 Total Liabilities and Net Assets	 <u>\$ 26,737,577</u>	 <u>\$ 25,584,646</u>

See accompanying Notes to Financial Statements.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES				
Contributions	\$ 2,210,908	\$ 1,195,927	\$ 592,159	\$ 3,998,994
Investment Return	53,745	-	-	53,745
Program Income	127,084	-	-	127,084
Grants	749,917	-	-	749,917
Store Sales, net	178,004	-	-	178,004
Special Events, net	\$ 1,020,241			
Special Events Expenses	<u>(657,486)</u>	362,755	-	362,755
Admissions	96,142	-	-	96,142
Other	67,662	-	-	67,662
Total Support and Revenues	3,846,217	1,195,927	592,159	5,634,303
Net Assets Released from Restrictions	<u>392,609</u>	<u>(392,609)</u>	<u>-</u>	<u>-</u>
Total Support, Revenues, and Reclassifications	<u>4,238,826</u>	<u>803,318</u>	<u>592,159</u>	<u>5,634,303</u>
EXPENSES				
Program Services	3,420,224	-	-	3,420,224
Management and General	463,887	-	-	463,887
Fund-raising	886,359	-	-	886,359
Total Expenses	<u>4,770,469</u>	<u>-</u>	<u>-</u>	<u>4,770,469</u>
Change in Net Assets	<u>(531,643)</u>	<u>803,318</u>	<u>592,159</u>	<u>863,834</u>
Transfer	-	(366,196)	366,196	-
Net Assets - Beginning of Year	<u>3,686,149</u>	<u>13,078,954</u>	<u>8,084,077</u>	<u>24,849,180</u>
NET ASSETS - END OF YEAR	<u>\$ 3,154,506</u>	<u>\$ 13,516,076</u>	<u>\$ 9,042,432</u>	<u>\$ 25,713,014</u>

See accompanying Notes to Financial Statements.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES				
Contributions	\$ 3,648,193	\$ 7,526,444	\$ 2,344,600	\$ 13,519,237
Investment Return	(990,667)	-	-	(990,667)
Program Income	165,730	-	-	165,730
Grants	604,843	-	-	604,843
Store Sales, net	116,484	-	-	116,484
Special Events, net	\$ 890,162	-	-	120,692
Special Events Expenses	<u>(769,470)</u>	120,692	-	98,455
Admissions	98,455	-	-	98,455
Other	81,254	-	-	81,254
Total Support and Revenues	3,844,984	7,526,444	2,344,600	13,716,028
Net Assets Released from Restrictions	<u>340,622</u>	<u>(340,622)</u>	-	-
Total Support, Revenues, and Reclassifications	<u>4,185,606</u>	<u>7,185,822</u>	<u>2,344,600</u>	<u>13,716,028</u>
EXPENSES				
Program Services	3,577,801	-	-	3,577,801
Management and General	619,096	-	-	619,096
Fund-raising	905,154	-	-	905,154
Total Expenses	<u>5,102,051</u>	-	-	5,102,051
Change in Net Assets	<u>(916,445)</u>	<u>7,185,822</u>	<u>2,344,600</u>	<u>8,613,977</u>
Transfer	-	(1,340,347)	1,340,347	-
Net Assets - Beginning of Year	<u>4,602,594</u>	<u>7,233,479</u>	<u>4,399,130</u>	<u>16,235,203</u>
NET ASSETS - END OF YEAR	<u>\$ 3,686,149</u>	<u>\$ 13,078,954</u>	<u>\$ 8,084,077</u>	<u>\$ 24,849,180</u>

See accompanying Notes to Financial Statements.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2009

	Program Services	Management and General	Fund- Raising	Total
Advertising and Public Relations	\$102,595	\$13,098	\$17,507	\$ 133,200
Contracted Services	390,545	23,989	160,549	575,083
Contributions	3,422	-	-	3,422
Depreciation	182,070	20,900	6,277	209,247
Insurance	167,639	15,009	4,967	187,615
Interest	1,352	-	-	1,352
Interns	75,415	-	-	75,415
Maintenance	148,506	14,654	11,834	174,994
Materials and Small Equipment	123,792	8,400	8,480	140,672
Office, Printing and Postage	122,960	4,959	37,621	165,540
Rehabilitation, Animal Food and Supplies	51,038	-	-	51,038
Rent	13,809	3,500	4,320	21,629
Salaries and Benefits	1,880,780	342,237	625,641	2,848,658
Travel and Training	45,370	1,489	2,500	49,359
Telephone and Utilities	<u>110,931</u>	<u>15,652</u>	<u>6,662</u>	<u>133,245</u>
	<u>\$3,420,224</u>	<u>\$ 463,887</u>	<u>\$886,359</u>	<u>\$ 4,770,469</u>

See accompanying Notes to Financial Statements.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2008

	Program Services	Management and General	Fund- Raising	Total
Advertising and Public Relations	\$ 152,860	\$ 23,268	\$ 54,659	\$ 230,787
Contracted Services	309,780	58,296	148,589	516,665
Contributions	4,515	-	-	4,515
Depreciation	182,399	21,010	6,690	210,099
Insurance	148,362	16,651	1,500	166,513
Interest	58,442	-	-	58,442
Interns	96,421	-	-	96,421
Maintenance	126,152	15,060	9,389	150,601
Materials and Small Equipment	160,823	19,191	3,260	183,274
Office, Printing and Postage	160,137	11,372	43,080	214,589
Rehabilitation, Animal Food and Supplies	66,234	-	-	66,234
Rent	21,534	4,320	8,618	34,472
Salaries and Benefits	1,889,997	414,131	603,559	2,907,687
Travel and Training	95,557	19,171	22,210	136,938
Telephone and Utilities	104,588	16,626	3,600	124,814
	<u>\$ 3,577,801</u>	<u>\$ 619,096</u>	<u>\$ 905,154</u>	<u>\$ 5,102,051</u>

See accompanying *Notes to Financial Statements*.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2009 AND 2008

CASH FLOWS FROM OPERATING ACTIVITIES	2009	2008
Change in Net Assets	\$ 863,834	\$ 8,613,977
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Loss on Sale of Investments	481,262	91,708
Loss on Sale of Property and Equipment	(7,414)	(9,609)
Depreciation	212,740	215,720
Present Value Discount of Unconditional Promises to Give	15,934	660,673
Bad Debt Expense	20,694	-
Net Depreciation (Appreciation) in Fair Value of Investments	(449,623)	1,052,310
Contributed Securities	(880,955)	(3,518,885)
(A) Increase (Decrease) in:		
Accrued Interest Receivable	(24)	4,297
Inventory	(4,239)	10,062
Prepaid Expenses	13,472	(43,572)
Other Receivables	25,095	(15,222)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	53,321	11,203
Deferred Revenue	(104,562)	127,305
Facility Deposits	(1,233)	(2,070)
Contributions Restricted for Long-term Purposes	<u>(1,782,159)</u>	<u>(10,877,924)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(1,543,857)</u>	<u>(3,680,027)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(2,110,475)	(879,058)
Proceeds from Sales of Investments	3,920,808	4,733,467
Proceeds from Sale of Property and Equipment	36,207	19,712
Purchase of Property and Equipment	<u>(1,895,100)</u>	<u>(835,251)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(48,560)</u>	<u>3,038,870</u>
Sub-total	<u>\$ (1,592,417)</u>	<u>\$ (641,157)</u>

(continued)

See accompanying Notes to Financial Statements.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
SEPTEMBER 30, 2009 AND 2008

	2009	2008
Subtotal from Previous Page	\$ (1,592,417)	\$ (641,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds From Long-Term Debt	345,000	-
Collections of Contributions Restricted for Long-term Investment	2,876,091	5,416,969
Principal Payments on Notes Payable	(3,429)	(1,749,987)
Net Cash Provided by Financing Activities	3,217,662	3,666,982
 Net Change in Cash Equivalents	 1,625,245	 3,025,825
Cash and Cash Equivalents - Beginning of Year	3,673,732	647,907
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,298,977	\$ 3,673,732
 AS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 359,449	\$ 154,926
Cash and Cash Equivalents - Restricted for Long Term Purposes	4,939,528	3,518,806
\$ 5,298,977	\$ 3,673,732	
 SUPPLEMENTAL DISCLOSURES:		
Cash Paid for Interest	\$ 1,352	\$ 58,442

See accompanying Notes to Financial Statements.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Conservancy of Southwest Florida, Inc. (the Organization), was established in 1966 as a nonprofit corporation in the State of Florida. Its mission is to preserve Southwest Florida's natural environment using scientific research, policy initiatives and education. The Organization is working to acquire and protect critical environmental areas through land acquisition, achieve environmentally responsive solutions to growth and development, and assist in support of Everglades's restoration. The Organization is supported primarily through donor contributions, grants and fund-raising activities, thrift and consignment store, and programs.

Basis of Accounting

The accounts of the Organization are maintained, and the accompanying financial statements have been prepared, on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt and liabilities are recorded when the obligation is incurred.

Financial Statements Presentation

The Organization reports 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. Unrestricted net assets are defined as assets that are free of donor-imposed restrictions, and include all investment income and appreciation not subject to donor-imposed restrictions, as discussed below. Temporarily restricted net assets are net assets whose use has been limited by donor imposed time or purpose restrictions. Permanently restricted net assets are defined as net assets required by the donor restrictions or law to be maintained by the Organization in perpetuity. The Organization reflects restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Liquidity

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

For purposes of these financial statements, the Organization considers all unrestricted bank accounts, money market funds, and short-term investments with a maturity of three months or less to be cash equivalents. The Organization maintains bank accounts with balances, which, at times may exceed federally insured limits.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in securities, mutual funds, real estate investment trusts, corporate bonds and government bonds are carried at fair value determined by quoted prices on the last business day of the year. Investments in alternative investment funds that are not readily tradable are carried at an estimated fair value at the end of the period, as determined by management based upon financial statements and other financial information reported by the administrator of the underlying investment funds.

Donated investments are recorded at their mean value at the date of receipt. Investment income may be either unrestricted or temporarily restricted resources when earned, determined according to donor-imposed restrictions. The Organization follows a total return concept with regard to investments, as such unrealized appreciation on temporarily restricted net assets is considered to be unrestricted.

Fair Value of Financial Instruments

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment, Net

Property and equipment are capitalized at cost, if purchased, or at fair value at the time of contribution on items valued at more than \$500 with a life greater than one year. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the respective assets ranging from three to forty years.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Land Held for Conservation

Land held for conservation is recorded at cost when purchased or at fair market value at the date of acquisition, if donated. Management reviews each parcel periodically to determine if there has been impairment to the value that is recorded in the statement of financial position.

Inventory

Inventories on the statement of financial position are stated at the lower of cost or market determined by the first-in, first-out method. Inventory recorded on the Organizations financial statements are purchased and are for sale in the nature store.

Additionally, the Organization receives goods that they sell in their resale shop. These goods are recorded as inventory when received and are carried at their resale value. Also, the Organization periodically received donations of non-monetary goods which are used in the Organization's programs. Donated goods which are used in the Organization's programs are recorded at estimated fair value at the date of the donation, and are included in contributions. The Organization received donated goods, which they use in their programs, of \$81,282 for September 30, 2009 and \$134,756 for September 30, 2008.

Deferred Revenue

Revenue received from membership dues is recognized when received, as the services to be provided to the membership are not material. Revenue from programs is recognized in the year to which it relates. Program revenues received in advance are recorded as deferred revenue.

Functional Allocation of Expenses

The costs of providing various support to the Organization's operations, as well as other management and general activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets upon expiration of the time or use restriction. However, restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted support.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Unconditional Promises to Give

The Organization is holding a fundraising campaign to assist them in continuing their mission, renovation of their facilities, and to build their endowment. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Additionally, the Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated Services

Contributed services are reported as contributions, at their fair value, if such services create or enhance non-financial assets, require specialized skills, are provided by individuals possessing such specialized skills or the services would have been purchased, if not donated. Many individuals volunteer their time, approximately 47,000 hours in 2009 and 48,000 hours in 2008, and perform a variety of tasks that assist the Organization in educational services, store operations, committee assignments, and fund-raising. No amounts have been reflected in the statement of activities because the criteria for recognition have not been satisfied.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Internal Revenue Service has determined the Organization to be exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). In addition, the Organization has been determined by the Internal Revenue Service to be other than a private foundation within the meaning of Section 509(a) of the Code. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The consignment shops that the Organization operates are subject to such unrelated business income taxes.

The Organization has not been examined by the IRS. The Organization's tax returns from the tax years ended September 30, 2006 through September 30, 2009 are open to examination by the IRS.

Subsequent Events

In preparing these financial statements, the Organization, has evaluated events and transactions for potential recognition or disclosure through April 01, 2010, the date the financial statements were available to be issued.

NOTE 2 UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give at September 30, 2009 and 2008, consist of temporarily restricted promises to give are as follows:

	<u>September 30,</u>	
	<u>2009</u>	<u>2008</u>
Unconditional Promises to Give	\$ 8,954,773	\$ 10,048,705
Less: Allowance for Doubtful Accounts	(10,000)	(10,000)
Less: Discount to Net Present Value	(1,098,498)	(1,082,564)
	<u>\$ 7,846,275</u>	<u>\$ 8,956,141</u>

Unconditional promises to give are scheduled to be received as follows:

1 Year or Less	\$ 3,184,740
2 To Five Years	5,770,033
	<u>\$ 8,954,773</u>

Unconditional promises to give are reflected at present value of estimated cash flows using a discount rate of 4.5%. Management has estimated the allowance for doubtful accounts to be approximately \$10,000 and \$10,000 for 2009 and 2008, respectively.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 3 INVESTMENTS

Investments at September 30, 2009 and 2008, are composed of the following:

	September 30, 2009		September 30, 2008	
	Cost	Fair Value	Cost	Fair Value
Common Stocks	\$ 2,110,019	\$ 2,246,130	\$ 2,329,962	\$ 2,033,953
U.S. Government Obligations	-	-	353,950	342,289
U.S. Agency Bonds	289,881	296,895	-	-
Corporate Bonds	332,233	349,275	290,597	255,047
Municipal Bonds	321,505	323,419	434,522	438,136
Mutual Funds	-	-	496,332	546,391
Mutual Funds - Commodities	28,500	28,243	-	-
Mutual Funds - Fixed Income	68,500	71,149	-	-
Real Estate Investment Trust	58,103	61,698	19,431	18,509
Alternative Investments	281,554	290,729	932,424	956,580
Preferred Stock	-	-	42,545	36,478
	<u>\$ 3,490,295</u>	<u>\$ 3,667,538</u>	<u>\$ 4,899,763</u>	<u>\$ 4,627,383</u>

The following tabulation summarizes unrealized and realized gains for the years ended September 30, 2009 and 2008:

	September 30, 2009		Excess of Fair Value Over Cost
	Cost	Fair Value	
Balance, September 30, 2008	\$ 4,899,763	\$ 4,627,383	\$ (272,380)
Balance, September 30, 2009	<u>3,490,295</u>	<u>3,667,538</u>	<u>177,243</u>
Increase in Unrealized Appreciation			449,623
Net Realized (Loss) on Investments			<u>(481,262)</u>
Net (Loss) on Investments			<u>\$ (31,639)</u>
	September 30, 2008		Excess of Fair Value Over Cost
	Cost	Fair Value	
Balance, September 30, 2007	\$ 5,326,995	\$ 6,106,925	\$ 779,930
Balance, September 30, 2008	<u>4,899,763</u>	<u>4,627,383</u>	<u>(272,380)</u>
Decrease in Unrealized Appreciation			(1,052,310)
Net Realized (Loss) on Investments			<u>(91,708)</u>
Net (Loss) on Investments			<u>\$ (1,144,018)</u>

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 3 INVESTMENTS (CONTINUED)

The components of investment return are as follows:

	2009	2008
Dividends and Interest	\$ 133,610	\$ 211,141
(Loss) on Sale of Investments	(481,262)	(91,708)
Net Change in Appreciation / (Depreciation) in Fair Value of Investments	449,623	(1,052,310)
Investment Management Fees	<u>(47,641)</u>	<u>(57,790)</u>
Total Investment Return	<u>\$ 54,330</u>	<u>\$ (990,667)</u>

The Organization invests in a variety of investments. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Summary of Significant Accounting Principles. The following table presents the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Assets:				
Common Stocks	\$ 2,246,130	\$ -	\$ -	\$ 2,246,130
U.S. Agency Bonds	-	296,895	-	296,895
Corporate Bonds	-	349,275	-	349,275
Municipal Bonds	-	323,419	-	323,419
Mutual Funds - Commodities	-	28,243	-	28,243
Mutual Funds - Fixed Income	-	71,149	-	71,149
Real Estate Investment Trust	-	61,698	-	61,698
Alternative Investments	-	-	290,729	290,729
Pledges Receivable Current Year, Net	-	-	1,278,803	1,278,803
Total	\$ 2,246,130	\$ 1,130,679	\$ 1,569,532	\$ 4,946,341

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 4 PROPERTY AND EQUIPMENT, NET

Property and equipment at September 30, 2009 and 2008, consists of the following:

	2009	2008
Land	\$ 579,046	\$ 269,625
Building and Improvements	5,364,511	5,311,126
Museum Exhibits	272,916	272,916
Furniture and Equipment	820,887	824,046
Transportation and Marine Equipment	622,807	627,067
Statuary	97,181	97,181
Construction in Progress	<u>2,152,279</u>	<u>744,917</u>
	9,909,627	8,146,878
Less: Accumulated Depreciation	<u>(5,290,763)</u>	<u>(5,159,715)</u>
	<u>\$ 4,618,864</u>	<u>\$ 2,987,163</u>

Depreciation expense for the year ended September 30, 2009 and 2008, was \$212,740 and \$215,720, respectively, of which \$209,247 and \$210,099 are included in the Statements of Functional Expenses for the years September 30, 2009 and 2008, respectively. The remainder of the depreciation of \$3,493 and \$5,621 are included in the Store Sales, Net in the Statement of Activities for 2009 and 2008, respectively.

NOTE 5 NOTES PAYABLE

Notes payable consists of the following at September 30, 2009 and 2008:

	2009	2008
Installment note payable to financial institution, interest at 7.95% per annum, collateralized by a vehicle, monthly payments of \$362. The final balance was paid in full during the year ended September 30, 2009.	\$ -	\$ 3,429
Line of credit with a financial institution, secured by the assets of the Organization. Interest at PRIME less 0.5% (2.75% at September 30, 2009), Principal due at July 31, 2010.	295,000	-
Lump-sum note payable to The Trust for Public Land upon sale of a condominium owned by the Organization. The note is non-interest bearing and is secured by the condominium.	50,000	-
	<u>\$ 345,000</u>	<u>\$ 3,429</u>

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 6 ENDOWMENT

The Organization has a donor restricted endowment fund established for the purposes of providing income to support general operations. There is no board designated endowment. As required by generally accepted accounting principles, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of directors of the Organization has interpreted relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, as of September 30, 2009 deficiencies of this nature that are reported in unrestricted net assets were \$1,342,490. These deficiencies resulted from unfavorable market fluctuations in the endowment fund's investments.

Investment Policies

The Organization has established an investment policy to determine investment or reinvestment of the assets in accordance with such guidelines, policies and procedures that are authorized by the Board. These guidelines, policies and procedures shall attempt to generate a long-term investment return that will contribute to meeting the spending needs of the Organization while maintaining the purchasing power of the investment assets. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes a long-term investment objective through diversification of asset classes. To achieve its investment objectives over long periods of time, the Organization 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 investment strategy targets a diversified asset allocation that includes domestic equities, non-US equities and fixed income.

The majority of assets are invested in debt and equity or debt and equity like securities. Diversification by asset class, investment style, investment manager, etc. is employed to avoid undue risk concentration and enhance total return. The primary performance objective is to achieve an annualized total rate of return, net of investment fees, that is equal to or greater than 4% plus inflation over long periods of time. Actual returns in any given year may vary from this amount.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 6 ENDOWMENT (CONTINUED)

Spending Policy

The Board of Directors approved appropriations of up to 5% during 2009 and 2008 of the endowment fund balance as of the end of the prior year. The percentage is determined based on the overall needs of the Organization balanced with the long-term investment return objectives for a fund to be held in perpetuity.

Changes in endowment net assets as of September 30, 2008 and 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets as of September 30, 2007	\$ 294,432	\$ -	\$ 4,399,130	\$ 4,693,562
Contributions	-	-	2,344,600	2,344,600
Transfers	-	-	1,340,347	1,340,347
Investment Return:				
Investment Income	211,141	-	-	211,141
Investment Expense	(57,790)	-	-	(57,790)
Realized (Loss) on Sale of Investments	(91,708)	-	-	(91,708)
Net (Depreciation)	(1,052,310)	-	-	(1,052,310)
Total Investment Return	(990,667)	-	-	(990,667)
Appropriations	(450,000)	-	-	(450,000)
Endowment Net Assets as of September 30, 2008	\$ (1,146,235)	\$ -	\$ 8,084,077	\$ 6,937,842
Contributions	-	-	592,159	592,159
Transfers	-	-	366,196	366,196
Investment Return:				
Investment Income	133,610	-	-	133,610
Investment Expense	(47,641)	-	-	(47,641)
Realized (Loss) on Sale of Investments	(481,262)	-	-	(481,262)
Net Appreciation	449,038	-	-	449,038
Total Investment Return	53,745	-	-	53,745
Appropriations	(250,000)	-	-	(250,000)
Endowment Net Assets as of September 30, 2009	\$ (1,342,490)	\$ -	\$ 9,042,432	\$ 7,699,942

NOTE 7 BOARD DESIGNATED NET ASSETS

At September 30, 2009 and 2008, board designated net assets totaled \$0 and \$90,861, respectively, and represents funds that the board has set aside for future projects and uses.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at September 30, 2009 and 2008, were restricted by the donors for the following purposes:

	2009	2008
Capital Campaign	\$ 13,141,062	\$ 12,582,899
Dormitory Operations	-	11,655
Land Acquisition Program	36,071	46,990
Turtle Monitoring Program	53,337	65,686
Estuaries and Water Quality Reporting	16,937	55,565
Campbell Memorial	67,255	-
Land Purchases	-	61,564
Environmental Education Programs	5,941	95,296
Environmental Policy Programs	55,442	29,525
Scientific Research	90,541	117,226
Other	49,490	12,548
	<u>\$ 13,516,076</u>	<u>\$ 13,078,954</u>

NOTE 9 RETIREMENT PLAN

The Organization has a defined contribution retirement plan, (the Plan), covering substantially all employees meeting certain eligibility requirements. The Plan provides that participants may contribute amounts up to the maximum allowable by law. For eligible participants, the Organization will contribute an amount equal to 50% of the participants' salary deferral up to 6% of compensation. As of September 30, 2009 and 2008, the Organization recorded expenses of \$46,893 and \$44,080, respectively.

NOTE 10 LEASE COMMITMENTS

The Organization leases certain land included in the Rookery Bay National Estuarine Reserve from an agency of the State of Florida. The annual rent payment is \$1 and the lease expires in January, 2079. Under the lease terms, the Organization is required to preserve this land in a state compatible with the objectives of the Reserve for the period of the lease. The Organization and another nonprofit organizations share in the management of the land.

The Organization leases property that is adjacent to the Organization's Nature Center. The lease automatically renews each year unless the lessor advises the Organization in writing 90 days prior to expiration. The annual rent for the property is \$1 plus the annual real estate taxes on the unimproved portion of the property.

CONSERVANCY OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

NOTE 10 LEASE COMMITMENTS (CONTINUED)

The Organization leases certain facilities for its consignment shops and warehouse, a crew house, office equipment and a truck under non-cancelable operating leases expiring in varying years through November 2013. Rental expense for the year ended September 30, 2009 and 2008 was \$21,628 and \$34,472, respectively, are included in the Statements of Functional Expenses. The remainder of the rental expense of \$146,765 and \$134,575 are included in the Store Sales, Net in the Statement of Activities for 2009 and 2008, respectively.

Future minimum lease payments are as follows:

<u>Years Ending September 30,</u>	
2010	\$ 157,380
2011	139,887
2012	130,225
2013	124,855
Thereafter	93,641
	<hr/>
	\$ 645,987

NOTE 11 TRANSFER

Certain contributions received during the years ended September 30, 2009 and 2008, were classified as temporarily restricted in accordance with the donor's instructions. During the year ended September 30, 2009 and 2008, the donors changed the restrictions on the donations and indicated that the donations should be permanently restricted. As a result, the contributions have been transferred from the temporarily restricted fund to the permanently restricted fund. As of September 30, 2009 and 2008, \$366,196 and \$1,340,347, respectively, have been transferred from the temporarily restricted to the permanently restricted fund.