

**THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT
COUNCIL**

Verona, Virginia

FINANCIAL STATEMENTS

Year Ended June 30, 2009

C O N T E N T S

	PAGE
ACCOUNTANT'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

YANCEY, MILLER, HELSLEY & BOWMAN, CPA'S, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Richard H. Yancey, CPA
Michael S. Miller, CPA

590 Neff Avenue, Suite 3000
Harrisonburg, Virginia 22801
(540) 433 – 3777
(540) 564 – 1459 Fax

Members
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

Amy B.Helsley, CPA
Daniel L. Bowman, CPA

P.O. Box 210
Woodstock, Virginia 22664
(540) 459 – 3563
Fax (540) 459 – 3561

To the Members of
The Shenandoah Resource Conservation and Development Council:

We have reviewed the accompanying statement of financial position of The Shenandoah Resource Conservation and Development Council (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of The Shenandoah Resource Conservation and Development Council. The prior year summarized comparative information has been derived from the Organization's June 30, 2008 financial statements which were previously reviewed as indicated in our report dated August 26, 2008.

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

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

Woodstock, Virginia
September 22, 2009

THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL

STATEMENT OF FINANCIAL POSITION

June 30, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

ASSETS	<u>2009</u>	<u>2008</u>
Cash	\$ 149,806	\$ 187,419
Grants Receivable	44,710	44,158
Property & Equipment (net)	<u>928</u>	<u>1,561</u>
Total Assets	<u><u>\$ 195,444</u></u>	<u><u>\$ 233,138</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accrued Expenses	<u>2,900</u>	<u>12,834</u>
Total Liabilities	<u>2,900</u>	<u>12,834</u>
Net Assets		
Unrestricted	10,633	19,523
Temporarily Restricted	<u>181,911</u>	<u>200,781</u>
Total Net Assets	<u>192,544</u>	<u>220,304</u>
Total Liabilities and Net Assets	<u><u>\$ 195,444</u></u>	<u><u>\$ 233,138</u></u>

See accompanying notes and accountant's report

THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total	
			2009	2008
Support and Revenue:				
Grant Income	\$ 60,763	\$ 124,018	\$ 184,781	\$ 221,006
Donated Services & Support	143,875	-	143,875	139,197
Firewise Program	-	-	-	5,771
Sponsor Dues	2,000	-	2,000	3,000
Interest Income	1,500	-	1,500	-
Reimbursements & Other Income	6,690	-	6,690	5,583
Total Support and Revenue	214,828	124,018	338,846	374,557
Net assets released from restrictions	142,888	(142,888)	-	-
Total support, revenue and reclassifications	357,716	(18,870)	338,846	374,557
Functional expense:				
Program services				
Sustainable Agriculture	93,925	-	93,925	132,649
Conservation of Natural Resources	25,163	-	25,163	75,411
Managed Growth	197,519	-	197,519	33,436
Community Development	-	-	-	12,732
Management and general	49,999	-	49,999	47,258
Total functional expenses	366,606	-	366,606	301,486
Change in net assets	(8,890)	(18,870)	(27,760)	73,071
Net assets, beginning	19,523	200,781	220,304	147,233
Net assets, ending	\$ 10,633	\$ 181,911	\$ 192,544	\$ 220,304

See accompanying notes and accountant's report

THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	
			<u>2009</u>	<u>2008</u>
Advertising	\$ 2,110	\$ -	\$ 2,110	\$ -
Consulting	-	-	-	5,000
Council Promotion & Recognition	1,138	2,482	3,620	5,244
Depreciation	475	158	633	1,061
Documentation	4,500	-	4,500	3,000
Dues & Subscriptions	1,249	30	1,279	1,315
Guest Speakers	5,425	-	5,425	1,540
Grants	21,071	-	21,071	35,393
Insurance	234	1,100	1,334	1,309
Meeting Expenses	351	-	351	4,400
Miscellaneous Expenses	33	394	427	343
Occupancy & Support	10,223	3,407	13,630	15,122
Office Supplies	-	122	122	368
Outside Support	15,150	-	15,150	14,000
Personnel	143,816	32,561	176,377	169,438
Phone	1,137	-	1,137	1,108
Postage	69	322	391	438
Printing	-	-	-	3,000
Project Equipment	103,168	-	103,168	22,624
Professional Fees	-	4,350	4,350	5,200
Travel	2,172	4,960	7,132	5,508
Workshops	4,286	113	4,399	6,075
	<u>316,607</u>	<u>49,999</u>	<u>366,606</u>	<u>301,486</u>
Total Expenses	\$ <u>316,607</u>	\$ <u>49,999</u>	\$ <u>366,606</u>	\$ <u>301,486</u>

See accompanying notes and accountant's report

THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT COUNCIL

STATEMENT OF CASH FLOWS

Year Ended June 30, 2009

(With Summarized Financial Information for the Year Ended June 30, 2008)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2009</u>	<u>2008</u>
Cash Received From:		
Grants	\$ 184,229	\$ 221,006
Firewise Program	-	5,771
Sponsor Dues	2,000	3,000
Interest Income	1,500	-
Reimbursements	6,690	5,583
	<u>194,419</u>	<u>235,360</u>
Cash Disbursed:		
Advertising	(2,110)	-
Consulting	-	(5,000)
Council Promotion & Recognition	(3,620)	(5,644)
Documentation	(4,500)	(3,000)
Dues & Subscriptions	(1,279)	(1,315)
Guest Speakers	(5,425)	(1,540)
Grants	(21,071)	(37,193)
Insurance	(1,334)	(1,309)
Meeting Expenses	(351)	(4,400)
Miscellaneous Expenses	(427)	(344)
Office Supplies	(122)	(368)
Outside Support	(14,250)	(14,000)
Personnel	(46,132)	(45,363)
Phone	(1,137)	(1,108)
Postage	(391)	(438)
Printing	(1,000)	-
Project Equipment	(113,002)	(12,790)
Professional Fees	(4,350)	(5,200)
Travel	(7,132)	(5,597)
Workshops	(4,399)	(6,075)
	<u>(232,032)</u>	<u>(150,684)</u>
Net Cash (Used) Provided by Operating Activities	\$ <u>(37,613)</u>	\$ <u>84,676</u>
 Net (Decrease) Increase in Cash	 \$ (37,613)	 \$ 118,747
CASH, beginning of year	\$ <u>187,419</u>	\$ <u>68,672</u>
CASH, end of year	\$ <u><u>149,806</u></u>	\$ <u><u>187,419</u></u>
 RECONCILIATION OF (DECREASE) INCREASE IN NET ASSETS TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES		
(Decrease) Increase in net assets	\$ (27,760)	\$ 73,071
Adjustments to reconcile (decrease) increase in net assets to net cash (used) provided by operating activities:		
Depreciation	633	1,061
(Increase) Decrease in operating assets:		
Grant Receivable	(552)	34,071
(Decrease) Increase in operating liabilities:		
Accrued Expenses	(9,934)	10,544
Net Cash (Used) Provided by Operating Activities	\$ <u>(37,613)</u>	\$ <u>118,747</u>

See accompanying notes and accountant's report

**THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT
COUNCIL**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of Activities

The Shenandoah Resource Conservation and Development Council, Inc. is a non-profit, non-stock corporation located in Verona, Virginia. The Resource Conservation and Development (RC&D) Program is a nation-wide United States Department of Agriculture program administered by the Natural Resources Conservation Service (NRCS). RC&D areas are locally sponsored areas designated by the Secretary of Agriculture for RC&D technical and financial assistance. The Shenandoah RC&D area was approved by the Secretary of Agriculture in 2003 as a designated area and includes the following counties: Augusta, Clarke, Frederick, Page, Rockingham, Shenandoah and Warren; and the cities of: Staunton, Waynesboro, and Winchester.

The RC&D provides a community-based vehicle for assisting in the regional management and development of the natural, social, and economic resources of the Shenandoah River watershed. The Shenandoah RC&D's mission is to sponsor and promote projects and programs that improve the quality of life and sustainable use of natural resources, primarily in the Shenandoah River watershed area, by providing volunteer leadership, technical resources, and financial assistance. The Organization's support comes primarily from grants and donated services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. On October 17, 2007, Shenandoah RC&D received a final ruling from the Internal Revenue Service which classified the organization as a public charity under code section 170(b)(1)(A)(vi).

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT
COUNCIL**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards in SFAS No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, 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.

Unrestricted net assets – Net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2009.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT
COUNCIL**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Note 2. Grants Receivable

At June 30, 2009, grants receivable are to be received by the Organization during the subsequent fiscal year and are deemed to be fully collectible by management.

Note 3. Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Depreciation is computed using the double declining method over estimated useful lives ranging from three to five years. Property and equipment consist of the following at June 30, 2009:

Computer Equipment	\$ 4,193
Less: Accumulated Depreciation	<u>(3,265)</u>
Property and Equipment, net	<u>\$ 928</u>

Depreciation expense for the period ending June 30, 2009 totaled \$633.

**THE SHENANDOAH RESOURCE CONSERVATION AND DEVELOPMENT
COUNCIL**

NOTES TO FINANCIAL STATEMENTS

Note 4. Temporarily Restricted Net Assets

At June 30, 2009, temporarily restricted net assets are restricted for the following purposes:

Sustainable Agriculture	\$ 53,371
Adaptive Fencing Project	122,149
Wind & Solar Energy On-Farm	4,000
Green Infrastructure	<u>2,391</u>
	<u>\$181,911</u>

Note 5. Concentration of Contributions or Grants

For the period ending June 30, 2009, the Organization received over 93% of its annual support from the following sources:

United States Dept. of Agriculture	42%
Chesapeake Bay Trust	27%
Agua Fund, Inc.	12%
Virginia Tech	15%

The concentration of support makes the Organization vulnerable to the risk of a near term severe impact and it is at least reasonably possible to ascertain that grant funding could cease in the near term.

Note 6. Donated Services and Support

The United States Department of Agriculture, Natural Resources Conservation Service (NRCS), is the departmental agency responsible for administration of those activities under the Resource Conservation and Development (RC&D) Program. As a result, NRCS provides personnel, office space, and equipment to support designated RC&D areas.

The value of donated services & support included in the financial statements and the corresponding program expenses for the year ended June 30, 2009 consists of:

Personnel	\$130,245
Occupancy & Support	<u>13,630</u>
Total	<u>\$143,875</u>

Note 7. Conditional Grants Payable

At June 30, 2009, the Organization has authorized grants payable totaling \$13,000, contingent upon achievement of project deliverables.