

**THE TURTLE CONSERVANCY**  
**INDEPENDENT AUDITORS' REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2016**

TURTLE CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of The Turtle Conservancy

We have audited the accompanying financial statements of the Turtle Conservancy (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and the related statement of activities, cash flows, and functional expenses 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 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 financial statements are free from 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 entity'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 entity'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 evaluation of 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 the Turtle Conservancy as of December 31, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Hinricher, Douglas & Porter LLP*

Thousand Oaks, California

October 11, 2017

**TURTLE CONSERVANCY**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

ASSETS

|   |              |
|---|--------------|
| Current assets:   |              |
| Cash  | \$ 409,132   |
| Receivables   | 288          |
| Inventory   | 46,334       |
|   | 455,754      |
| Property and equipment, net of accumulated depreciation | 843,244      |
| Other assets:   |              |
| Prepaid expenses  | 44,344       |
| Security deposits                                       | 2,271        |
| Intangible assets                                       | 132,499      |
| Due from related party                                  | 13,094       |
|   | 192,208      |
| Total Assets  | \$ 1,491,206 |

LIABILITIES

|  |           |
|--|-----------|
| Current liabilities:                   |           |
| Accounts payable                       | \$ 65,935 |
| Accrued expenses and other liabilities | 57,484    |
| Sales tax payable                      | 135       |
|  | 123,554   |
| Total liabilities                      | 123,554   |

NET ASSETS

|                                   |              |
|-----------------------------------|--------------|
| Net assets:                       |              |
| Unrestricted net assets           | 999,068      |
| Temporarily restricted net assets | 368,584      |
|                                   | 1,367,652    |
| Total liabilities and net assets  | \$ 1,491,206 |

*See accompanying auditors' report and notes to financial statements.*

**TURTLE CONSERVANCY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | Unrestricted      | Temporarily<br>Restricted | Total               |
|--|-------------------|---------------------------|---------------------|
| Public support, revenue, and reclassifications |                   |                           |                     |
| Contributions                                  | \$ 950,663        | \$ 1,533,313              | \$ 2,483,976        |
| Special event revenue                          | 100               | 0                         | 100                 |
| Sales, net of costs of \$4,338                 | 6,418             | 0                         | 6,418               |
| Rental income                                  | 115,671           | 0                         | 115,671             |
| Interest income                                | 0                 | 170                       | 170                 |
| Miscellaneous income                           | 58,550            | 128,377                   | 186,927             |
| Net assets released from restrictions          | 1,975,129         | (1,975,129)               | 0                   |
| Total revenues, support and other income       | <u>3,106,531</u>  | <u>(313,269)</u>          | <u>2,793,262</u>    |
| Expenses                                       |                   |                           |                     |
| Program services                               | 3,088,084         | 0                         | 3,088,084           |
| Supporting services                            |                   |                           |                     |
| Management and general                         | 180,353           | 0                         | 180,353             |
| Fundraising expenses                           | 58,781            | 0                         | 58,781              |
| Total expenses                                 | <u>3,327,218</u>  | <u>0</u>                  | <u>3,327,218</u>    |
| Change in net assets                           | (220,687)         | (313,269)                 | (533,956)           |
| Net assets at beginning of year                | <u>1,219,755</u>  | <u>681,853</u>            | <u>1,901,608</u>    |
| Net assets at end of year                      | <u>\$ 999,068</u> | <u>\$ 368,584</u>         | <u>\$ 1,367,652</u> |

*See accompanying auditors' report and notes to financial statements.*

**TURTLE CONSERVANCY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

|  |              |
|--|--------------|
| Change in net assets   | \$ (533,956) |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities: |              |
| Depreciation and Amortization  | 77,326       |
| (Increase) or decrease in:   |              |
| Inventory  | (8,805)      |
| Accounts receivable  | 280,654      |
| Prepaid expense & other assets   | (36,261)     |
| Due from related parties   | (13,094)     |
| Increase or (decrease) in:   |              |
| Accounts payable   | 13,313       |
| Other liabilities  | 13,697       |
|  | 13,697       |
| Net cash provided by (used in) operating activities  | (207,126)    |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |           |
|---|-----------|
| Purchase of fixed assets                            | (64,224)  |
| Costs of developing intangible assets               | (43,816)  |
|   | (43,816)  |
| Net cash provided by (used in) financing activities | (108,040) |

|                                   |            |
|-----------------------------------|------------|
| Total increase (decrease) in cash | (315,166)  |
| Cash at beginning of year         | 724,298    |
| Cash at end of year               | \$ 409,132 |

**Supplemental Information:**

|                   |      |
|-------------------|------|
| Interest paid     | \$ 0 |
| Income taxes paid | \$ 0 |

*See accompanying auditors' report and notes to financial statements.*

**TURTLE CONSERVANCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | Program Expenses |                     |                 |                  |                  |                 |                 |                 |                   | Total<br>Programs   | General &<br>Administrative | Fundraising      | Total               |
|--|------------------|---------------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|-------------------|---------------------|-----------------------------|------------------|---------------------|
|  | BCC              | Bolson              | Burmese<br>Star | Geometric        | Global           | In Situ         | Sinaloan        | Yniphora        | Other<br>Programs |                     |                             |                  |                     |
| Advertising, Promo & Marketing                                   | \$ 0             | \$ 0                | \$ 0            | \$ 0             | \$ 11,274        | \$ 0            | \$ 0            | \$ 0            | \$ 84             | \$ 11,358           | \$ 530                      | \$ 5,138         | \$ 17,026           |
| Animal Adoption Expense  | 0                | 0                   | 0               | 0                | 0                | 1,949           | 0               | 0               | 0                 | 1,949               | 0                           | 0                | 1,949               |
| Animal Care & Supplies   | 22,872           | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 22,872              | 0                           | 0                | 22,872              |
| Auto Expenses  | 9,481            | 0                   | 0               | 0                | 12               | 0               | 15              | 0               | 0                 | 9,508               | 0                           | 0                | 9,508               |
| Bank Fees  | 3,925            | 55                  | 0               | 30               | 320              | 0               | 0               | 5               | 4                 | 4,339               | 53                          | 3,823            | 8,215               |
| Communications   | 2,902            | 0                   | 0               | 178              | 0                | 0               | 0               | 0               | 0                 | 3,080               | 5,929                       | 0                | 9,009               |
| Computer Equipment & Software                                    | 156              | 0                   | 0               | 0                | 98               | 0               | 0               | 0               | 0                 | 254                 | 616                         | 43               | 913                 |
| Conferences & Conventions  | 0                | 0                   | 0               | 0                | 2,219            | 0               | 200             | 0               | 0                 | 2,419               | 0                           | 0                | 2,419               |
| Dues & Subscriptions   | 149              | 0                   | 0               | 0                | 4,372            | 462             | 0               | 100             | 73                | 5,156               | 933                         | 0                | 6,089               |
| Fundraising  | 0                | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 0                   | 0                           | 1,944            | 1,944               |
| Global Education Programs  | 88               | 0                   | 0               | 0                | 53,370           | 0               | 0               | 0               | 0                 | 53,458              | 0                           | 0                | 53,458              |
| Grant Giving   | 0                | 1,102,055           | 0               | 623,845          | 0                | 10,000          | 50,000          | 0               | 0                 | 1,785,900           | 0                           | 0                | 1,785,900           |
| Housekeeping Services  | 2,235            | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 2,235               | 880                         | 0                | 3,115               |
| Insurance  | 27,844           | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 27,844              | 4,091                       | 0                | 31,935              |
| License and Permits  | 171              | 0                   | 0               | 0                | 0                | 100             | 0               | 0               | 0                 | 271                 | 175                         | 0                | 446                 |
| Meals and Entertainment  | 2,187            | 856                 | 0               | 900              | 2,908            | 0               | 0               | 11              | 654               | 7,516               | 1,253                       | 732              | 9,501               |
| Miscellaneous  | 122              | 0                   | 0               | 0                | 22               | 0               | 0               | 0               | 0                 | 144                 | (8)                         | 0                | 136                 |
| Office Supplies  | 1,875            | 0                   | 0               | 0                | 79               | 0               | 0               | 0               | 0                 | 1,954               | 961                         | 0                | 2,915               |
| Postage & Mailing Service  | 103              | 0                   | 0               | 13               | 9,083            | (50)            | 0               | 38              | 0                 | 9,187               | 2,183                       | 1,072            | 12,442              |
| Printing and Copying   | 0                | 0                   | 0               | 0                | 76               | 0               | 0               | 0               | 0                 | 76                  | 953                         | 0                | 1,029               |
| Professional Services  | 10,819           | 70,833              | 0               | 15,069           | 91               | 282             | 0               | 0               | 0                 | 97,094              | 70,894                      | 391              | 168,379             |
| Project Expenses   | 0                | 306                 | 0               | 1,095            | 0                | 0               | 0               | 3,200           | 661               | 5,262               | 0                           | 0                | 5,262               |
| Rent   | 133,000          | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 133,000             | 0                           | 0                | 133,000             |
| Rental Property Costs  | 110,492          | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 110,492             | 0                           | 2                | 110,494             |
| Repairs and Maintenance  | 83,075           | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 83,075              | 0                           | 0                | 83,075              |
| Security & Alarm   | 1,759            | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 1,759               | 0                           | 0                | 1,759               |
| Small Equipment  | 2,885            | 0                   | 0               | 0                | 146              | 0               | 0               | 0               | 0                 | 3,031               | 347                         | 441              | 3,819               |
| Supplies   | 11,525           | 0                   | 0               | 0                | 60               | 0               | 0               | 0               | 0                 | 11,585              | 346                         | 44               | 11,975              |
| Travel Expenses  | 4,458            | 6,067               | 0               | 9,947            | 13,964           | 0               | 16              | 4,794           | 4,283             | 43,529              | 11,582                      | 5,238            | 60,349              |
| Utilities  | 69,333           | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 69,333              | 0                           | 0                | 69,333              |
| Veterinary Expense   | 2,490            | 0                   | 0               | 0                | 0                | 0               | 0               | 0               | 0                 | 2,490               | 0                           | 0                | 2,490               |
| Payroll Expense  | 310,098          | 31,661              | 5,631           | 14,080           | 104,021          | 1,680           | 4,482           | 17,037          | 11,898            | 500,588             | 78,635                      | 39,913           | 619,136             |
| Total Operating Expenses Before<br>Depreciation and Amortization | 814,044          | 1,211,833           | 5,631           | 665,157          | 202,115          | 14,423          | 54,713          | 25,185          | 17,657            | 3,010,758           | 180,353                     | 58,781           | 3,249,892           |
| Depreciation and Amortization                                    | 70,014           | 0                   | 0               | 0                | 803              | 0               | 0               | 6,509           | 0                 | 77,326              | 0                           | 0                | 77,326              |
| Total Operating Expenses   | <u>\$884,058</u> | <u>\$ 1,211,833</u> | <u>\$ 5,631</u> | <u>\$665,157</u> | <u>\$202,918</u> | <u>\$14,423</u> | <u>\$54,713</u> | <u>\$31,694</u> | <u>\$17,657</u>   | <u>\$ 3,088,084</u> | <u>\$ 180,353</u>           | <u>\$ 58,781</u> | <u>\$ 3,327,218</u> |

*See accompanying auditors' report and notes to financial statements.*



TURTLE CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 – DESCRIPTION OF ORGANIZATION:

The Turtle Conservancy ("TC") is dedicated to protecting 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.

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. Presently the TC would need to substantially scale back its operations without the financial support of its president.

During the year ended December 31, 2016 the organization funded the following programs:

Bolson Program – The Turtle Conservancy has purchased a significant portion (43,540 acres) of the last remaining habitat of the Bolson Tortoise. The Bolson Tortoise inhabits a small area of Bolsón de Mapimí in the Chihuahuan Desert of Mexico. The Mapimí Biosphere Reserve was created to protect this species, but much of this land is used for agricultural development and cattle grazing, which is threatening the tortoise's habitat. The acquisition of this land in north central Mexico will protect the tortoise along with all other native flora and fauna including an estimated 28 mammals, over 200 bird species, 5 amphibians, and 39 reptiles.

Captive Breeding Program – Based in Southern California, the Behler Chelonian Center breeds more critically endangered turtles and tortoises in terms of combined species and numbers than any other institution in the world. We manage 16 of the world's 40 most endangered species, and have 850 animals from 36 taxa. During 2016 we hatched 110 endangered turtles and tortoises. The center creates a long-term plan for each species that we breed and defines the desired outcome in terms of potential need for repatriation, reintroduction, or other conservation needs.

Geometric Tortoise Program – The Turtle Conservancy, along with its partner organizations, has created a preserve of over 800 acres in South Africa, of critical habitat to create a biodiversity preserve for what is likely to be the last large population for the South African Geometric Tortoise (one of the world's most endangered animals). The Southern Africa Tortoise Conservation Trust (SATCT) was established to purchase the land and manage the reserve and in 2016 the preserve was extended, fenced, invasive plant species eradicated, and populations surveys were initiated. SATCT continues to expand the preserve through partnerships with local land owners.

Promoting Appreciation for the Wonder of Turtles Worldwide - To inspire conservation awareness and action to save the world's turtles and tortoises, the Turtle Conservancy used a number of different approaches during 2016:

- (1) publication of The Tortoise, Volume 5 - a cutting edge conservation magazine bringing additional awareness to an ever-increasing global audience. This year's publication contained a total of 12 pieces that focused on a number of threatened and critically endangered turtles from around the globe.

TURTLE CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 1 – DESCRIPTION OF ORGANIZATION: (Continued)

Promoting Appreciation for the Wonder of Turtles Worldwide:

- (2) global media campaign through public service announcements, newsletters, celebrities, conservation tours and short video documentaries.
  
- (3) social media - this program reaches to people worldwide with over 160,000 followers and 'likes' on Facebook as well as over 16,000 followers on Twitter. The TC also hosts a channel on YouTube featuring over 60 videos with over 100,000 cumulative views.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation

The TC presents its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the TC 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. In addition, the TC is required to present a statement of cash flows.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (e.g. the fair value of financial instruments, potential impairments to fixed assets and accrued expenses) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Contributed Services

Contributions of donated services that create or enhance assets or that require specialized skills, are provided by individuals possessing those skill, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The TC received a significant amount of donated services from unpaid volunteers who assist with the TC's program services and its fundraising campaigns. No amounts have been reflected in the financial statements for these services because the criteria for recognition have not been satisfied.

TURTLE CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-Kind Contributions

Contributions of non-cash goods and similar items, such as advertising, are recorded at the estimated fair value on the date of the contribution. Contributions of services that (1) create or enhance non-financial assets or those that require specialized skills, (2) are provided by individuals possessing those skills, and (3) would typically need to be purchased if not provided by donation are recorded at their fair value in the period received.

For the year ended December 31, 2016 there were no non-cash in-kind donations.

Support and Revenue

In conformity with generally accepted accounting principles contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restrictions end, or purpose of restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as reclassification of net assets. If donor-restricted support whose restrictions are met in the same reporting period, such support is reported as unrestricted support on the Statement of Activities.

Unconditional Promises to Give

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

Fair Value of Financial Instruments

The carrying amounts of certain financial instruments including cash, receivables and payables are recorded at fair value at December 31, 2016.

Cash

The TC considers cash and short-term deposits to include all stable highly liquid instruments with an original maturity date of three months or less.

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.

TURTLE CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment

Purchased property and equipment are stated at cost. Donated property is stated at fair market value at the date of acquisition. Such donations are reported as unrestricted revenue unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted revenue. Depreciation is computed using the straight-line method for financial statement purposes over estimated useful lives of twenty years for buildings and from three to fifteen years for equipment and improvements.

Expenditures for maintenance and repairs are charged directly to the appropriate operating account at the time the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

Income Tax

The TC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal and state income taxes in the accompanying financial statements. In addition, the Internal Revenue Service has determined that the TC is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2016. As of December 31, 2016 the TC's information returns generally remain open for the last three years.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2016 was \$17,026.

Functional Allocation of Expenses

The costs of providing the various programs and other 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.

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. At December 31, 2016 TC had \$108,326 of uninsured cash.

For the year ended December 31, 2016, one donor accounted for 33% or more of total revenues, support and other income.

TURTLE CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

NOTE 4 - RECEIVABLES

Receivables at December 31, 2016 was \$288 and consisted principally of donations.

NOTE 5 - INVENTORY

At December 31, 2016 inventory consist of costs of printing issues of the Tortoise magazine totaling \$46,334.

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at December 31, 2016

|                               |                   |
|-------------------------------|-------------------|
| Buildings and improvements    | \$ 1,074,244      |
| Equipment                     | 126,265           |
| Furniture and fixtures        | <u>67,168</u>     |
|                               | 1,267,677         |
| Less accumulated depreciation | <u>(424,433)</u>  |
|                               | <u>\$ 843,244</u> |

Depreciation expense for the year ended December 31, 2016 was \$71,049.

NOTE 7 - INTANGIBLE ASSETS

At December 31, 2016 intangible assets consist of capitalized costs related to obtaining a conditional use permit from the County of Ventura. At December 31, 2016 the costs and accumulated amortization were \$143,638 and \$11,139, respectively. Amortization expense for the year ended December 31, 2016 was \$6,277.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The 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. For the year ended December 31, 2016 rent expense paid to the related party was \$132,000. The lease provides an additional ten-year extension at the option of the TC. The TC is also responsible for utilities and insurance costs. For the year ended December 31, 2016 utilities and property insurance expenses were \$80,872.

TURTLE CONSERVANCY  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 9 - RELATED PARTY TRANSACTIONS

The TC pays McNell Properties LLC for expenses related to operating their turtle conservation located on its premises in Ojai, California. The operating expenses include, but are not limited to supplies, utilities, landscaping and repairs and maintenance. During 2016 the TC overpaid McNell Properties LLC. For the year ended December 31, 2016 the amount due from related parties is \$13,094.

Additionally, the TC pays rent to a related party (see Note 8). For the year ended December 31, 2016 the amount of rent paid to the related party was \$132,000.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2016:

|                  |                   |
|------------------|-------------------|
| Bolson Program   | \$ 6,011          |
| Geometric        | 24,143            |
| In Situ          | 159,877           |
| Pacific Pond     | 2,773             |
| Yniphora Program | <u>175,780</u>    |
|                  | <u>\$ 368,584</u> |

NOTE 11 - SUBSEQUENT EVENTS

In preparing these financial statements management has evaluated events and transactions for potential recognition of disclosure through October 11, 2017, the date the financial statements were available to be issued.