

ISLANDWOOD

Statement Of Financial Position
June 30, 2004
(With Comparative Totals From 2003)

	<u>2004</u>	<u>2003</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 212,730	\$ 103,989
Accounts receivable	63,683	69,068
Pledges receivable, current (Note 4)	317,435	211,442
Prepaid expenses	143,963	95,711
Inventory and other assets	35,666	29,639
Total Current Assets	773,477	509,849
Cash restricted for long-term purposes (Note 4)	334,856	2,661,391
Long-term receivables (Note 2)	34,728	16,618
Investments (Note 3)	2,475,834	165,976
Long-term pledges, net (Note 4)	10,735,031	11,769,921
Property and equipment, net (Note 5)	36,117,288	36,986,552
Total Assets	<u>\$ 50,471,214</u>	<u>\$ 52,110,307</u>
Liabilities And Net Assets		
Current Liabilities:		
Accounts payable	\$ 169,727	\$ 165,647
Accrued expenses	162,511	137,894
Deferred revenue	202,371	156,450
Line of credit (Note 6)	748,497	2,500,000
Total Current Liabilities	1,283,106	2,959,991
Net Assets:		
Unrestricted (Note 7)	6,396,452	6,629,697
Temporarily restricted (Note 7)	30,889,877	31,251,681
Permanently restricted (Note 7)	11,901,779	11,268,938
Total Net Assets	49,188,108	49,150,316
Total Liabilities and Net Assets	<u>\$ 50,471,214</u>	<u>\$ 52,110,307</u>

The accompanying notes are an integral part of the financial statements

ISLANDWOOD

**Statement Of Activities
For The Year Ended June 30, 2004
(With Comparative Totals For 2003)**

	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total 2004</i>	<i>Total 2003</i>
Support and Revenue:					
Contributions	\$ 1,457,409	\$ 567,311	\$ 632,841	\$ 2,657,561	\$ 6,538,837
Program service fees	1,083,693			1,083,693	933,410
Investment income	6,489	311,142		317,631	59,431
In-kind contributions	20,315			20,315	2,000
Fundraising events, net of direct expenses of \$182,285 (2003 - \$3,627)	509,490			509,490	156,225
Other revenue	60,743			60,743	30,031
	3,138,139	878,453	632,841	4,649,433	7,719,934
Net assets released from restriction	1,422,368	(1,422,368)			
Total Support and Revenue	4,560,507	(543,915)	632,841	4,649,433	7,719,934
Expenses:					
Program services:					
Education programs	1,847,583			1,847,583	1,571,003
Educational conferences and community programs	1,266,586			1,266,586	784,899
Total program services	3,114,169			3,114,169	2,355,902
Supporting services:					
Management and general	1,045,937			1,045,937	1,222,955
Fundraising	451,535			451,535	317,103
Total supporting services	1,497,472			1,497,472	1,540,058
Total Expenses	4,611,641			4,611,641	3,895,960
Change In Net Assets	(51,134)	(543,915)	632,841	37,792	3,823,974
Net Assets, Beginning Of Year	6,629,697	31,251,681	11,268,938	49,150,316	45,326,342
Reclassification (Note 8)	(182,111)	182,111			
Net Assets, End Of Year	\$ 6,396,452	\$ 30,889,877	\$ 11,901,779	\$ 49,188,108	\$ 49,150,316

The accompanying notes are an integral part of the financial statements

ISLANDWOOD

**Statement Of Cash Flows
For The Year Ended June 30, 2004
(With Comparative Totals For 2003)**

	<u>2004</u>	<u>2003</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 37,792	\$ 3,823,974
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,081,941	552,607
Realized and unrealized gain on investments	(233,952)	(24,639)
Gain on exchange of property	(4,215)	
Contributions and pledges received for long-term purposes	(1,850,343)	(5,647,131)
Changes in assets and liabilities:		
Accounts receivable	5,385	(39,515)
Pledges receivable, net	928,897	3,176,510
Prepaid expenses	(48,252)	(22,650)
Inventory and other assets	(7,460)	(12,320)
Long-term receivables	(18,110)	(16,618)
Accounts payable	4,080	9,686
Accrued expenses	24,617	82,322
Deferred revenue	45,921	152,700
Net Cash Provided by Operating Activities	<u>(33,699)</u>	<u>2,034,926</u>
Cash Flows from Investing Activities:		
Purchase of investments	(3,001,550)	(905,604)
Proceeds from sale of investments	925,644	1,288,930
Purchase of property and equipment	(211,244)	(1,899,393)
Proceeds from exchange of property	4,215	
Net Cash Used by Investing Activities	<u>(2,282,935)</u>	<u>(1,516,067)</u>
Cash Flows from Financing Activities:		
Payments on line of credit	(1,751,503)	(5,000,000)
Proceeds from contributions restricted for:		
Capital improvements	1,630,233	4,747,533
Permanent endowment	220,110	899,598
Net Cash Provided by Financing Activities	<u>98,840</u>	<u>647,131</u>
Net (Decrease) Increase in Cash	<u>(2,217,794)</u>	<u>1,165,990</u>
Cash and cash equivalents, beginning of year	2,765,380	1,599,390
Cash and Cash Equivalents, End of Year	<u>\$ 547,586</u>	<u>\$ 2,765,380</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 42,769	\$ 132,362
Noncash investing transactions		
Exchange of property	\$ 65,000	

The accompanying notes are an integral part of the financial statements

ISLANDWOOD

Notes To Financial Statements

Note 1 - Nature Of Activities And Summary Of Significant Accounting Policies

Nature of Activities - IslandWood (the Organization) is a unique 255-acre outdoor learning center that provides kids, adults and families with hands-on learning experiences that combine science, technology and the arts. IslandWood's primary goal is to help children and adults develop a commitment to lifelong learning and environmental and community stewardship. Using the cultural and natural environment as a context, our programs integrate scientific inquiry, emerging technologies and the arts. Operating from sustainably designed facilities on a 255-acre campus, the organization also serves as a model for energy conservation and community stewardship. IslandWood's primary programs include the School Overnight Program for 4th, 5th and 6th grade students, School Partnerships Program, and, in partnership with the University of Washington, the Graduate Program at IslandWood.

Basis of Presentation - Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets for which donor restrictions require that the principal be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition - Contributions are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. Donor restricted contributions whose restriction is met in the same reporting period in which the contribution is received are reported as unrestricted contributions. Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures, and equipment) are reported as temporarily restricted and are released from restriction ratably over the life of the asset.

Donated Materials and Services - Donated materials are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets and (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents except for those held in the investment portfolio. At times balances may exceed federally insured limits.