

THE ORIANNE SOCIETY

**REPORT ON AUDITS OF
FINANCIAL STATEMENTS**

Years Ended June 30, 2012 and 2011

Contents

Years Ended June 30, 2012 and 2011

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Financial Statements



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Independent Auditors' Report

The Board of Directors
The Orianne Society

We have audited the statements of financial position of The Orianne Society ("Orianne") as of June 30, 2012 and 2011, 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 Orianne'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 audits 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 The Orianne Society as of June 30, 2012 and 2011, and the changes in its net assets, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Holtz Rubenstein Reminick LLP

New York, New York
October 10, 2012

Statements of Financial Position

<i>June 30,</i>	2012	2011
Assets		
Current Assets:		
Cash and cash equivalents	\$ 786,624	\$ 386,271
Marketable securities	-	644,000
Contributions receivable	170,078	20,152
Contributions receivable from related parties	-	21,268
Accounts receivable	58,438	88,616
Prepaid expenses and other current assets	67,814	86,162
Total Current Assets	<u>1,082,954</u>	<u>1,246,469</u>
Fixed Assets, net	<u>2,897,183</u>	<u>1,227,816</u>
Total Assets	<u>\$ 3,980,137</u>	<u>\$ 2,474,285</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 55,892	\$ 55,670
Grants payable	39,784	266,595
Deferred revenue	375,000	-
Total Current Liabilities	<u>470,676</u>	<u>322,265</u>
Net Assets:		
Unrestricted	3,328,636	1,348,451
Temporarily restricted	180,825	803,569
Total Net Assets	<u>3,509,461</u>	<u>2,152,020</u>
Total Liabilities and Net Assets	<u>\$ 3,980,137</u>	<u>\$ 2,474,285</u>

Statements of Activities and Changes in Net Assets

<i>Years Ended June 30,</i>	2012	2011
Changes in Unrestricted Net Assets:		
Operating Revenue:		
Contributions	\$ 1,801,028	\$ 1,599,441
Governmental grants	120,738	150,775
In-kind gifts	-	1,050
Net assets released from restrictions	800,575	1,231,254
Realized loss on marketable securities	(214,532)	(78,336)
Other income	127,325	62,431
Total Operating Revenue	<u>2,635,134</u>	<u>2,966,615</u>
Operating Expenses:		
Programs	1,609,186	1,943,353
Support services	262,314	230,904
Total Expenses	<u>1,871,500</u>	<u>2,174,257</u>
Net Operating Income	<u>763,634</u>	<u>792,358</u>
Non-Operating Activities:		
Donation of property, net	2,023,345	-
Loss on disposal of assets	(644)	-
Conservation easement impairment (\$940,000) and related expense	(950,000)	-
Change in unrealized loss on marketable securities	143,850	(143,850)
Net Non-Operating Income (Loss)	<u>1,216,551</u>	<u>(143,850)</u>
Increase in Unrestricted Net Assets	<u>1,980,185</u>	<u>648,508</u>
Changes in Temporarily Restricted Net Assets:		
Contributions	177,831	1,613,923
Net assets released from restrictions	<u>(800,575)</u>	<u>(1,231,254)</u>
(Decrease) Increase in Temporarily Restricted Net Assets	<u>(622,744)</u>	<u>382,669</u>
Increase in Net Assets	1,357,441	1,031,177
Net Assets, beginning of year	2,152,020	1,120,843
Net Assets, end of year	<u>\$ 3,509,461</u>	<u>\$ 2,152,020</u>

THE ORIANNE SOCIETY

Statement of Functional Expenses

Year Ended June 30, 2012

	Programs					Support Services			Total Expenses
	Communications	Center for Indigo Conservation	Indigo Snake Preserve	Conservation Science	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Benefits	\$ 104,987	\$ 187,592	\$ 213,197	\$ 400,330	\$ 906,106	\$ 106,031	\$ 60,525	\$ 166,556	\$ 1,072,662
Contracted Staff	25	4,855	74	125,731	130,685	-	-	-	130,685
Supplies and Equipment	15,822	20,283	49,808	43,652	129,565	2,023	4,075	6,098	135,663
Travel/Lodging/Meals	3,852	11,061	9,671	68,820	93,404	2,609	8,453	11,062	104,466
Occupancy	7,905	10,271	17,544	22,001	57,721	5,567	1,501	7,068	64,789
Technology/Telephone	9,960	5,847	9,062	18,646	43,515	3,183	6,720	9,903	53,418
Professionals and Consultants	1,819	14,503	7,210	13,292	36,824	35,000	-	35,000	71,824
Insurance	538	7,366	34,330	5,903	48,137	2,264	-	2,264	50,401
Depreciation	3,432	28,616	98,468	27,507	158,023	1,854	-	1,854	159,877
Other	369	963	1,648	2,226	5,206	16,468	6,041	22,509	27,715
Total	\$ 148,709	\$ 291,357	\$ 441,012	\$ 728,108	\$ 1,609,186	\$ 174,999	\$ 87,315	\$ 262,314	\$ 1,871,500

THE ORIANNE SOCIETY

Statement of Functional Expenses

Year Ended June 30, 2011

	Programs				Support Services			Total Expenses
	Center for Indigo Conservation	Indigo Snake Preserve	Conservation Science	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Benefits	\$ 161,272	\$ 306,858	\$ 328,738	\$ 796,868	\$ 112,721	\$ 20,179	\$ 132,900	\$ 929,768
Grants	-	497,846	47,955	545,801	-	-	-	545,801
Supplies and Equipment	24,100	83,700	49,615	157,415	8,789	980	9,769	167,184
Travel/Lodging/Meals	12,207	26,142	57,758	96,107	6,912	-	6,912	103,019
Occupancy	5,421	13,136	8,329	26,886	13,174	-	13,174	40,060
Technology/Telephone	1,908	12,248	4,445	18,601	9,164	-	9,164	27,765
Professionals and Consultants	13,302	63,817	28,409	105,528	39,830	-	39,830	145,358
Insurance	2,729	29,412	3,975	36,116	4,838	-	4,838	40,954
Depreciation	5,613	110,199	20,050	135,862	3,022	-	3,022	138,884
Other	1,321	7,126	15,722	24,169	11,295	-	11,295	35,464
Total	\$ 227,873	\$ 1,150,484	\$ 564,996	\$ 1,943,353	\$ 209,745	\$ 21,159	\$ 230,904	\$ 2,174,257

Statements of Cash Flows

<i>Years Ended June 30,</i>	2012	2011
Cash Flows from Operating Activities:		
Increase in net assets	<u>\$ 1,357,441</u>	<u>\$ 1,031,177</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	159,877	138,884
Realized loss on marketable securities	214,532	78,336
Unrealized loss on marketable securities	(143,850)	143,850
Donated marketable securities	(396,800)	(1,125,500)
Donation of property, net	(2,023,345)	-
Loss on disposal of assets	644	-
Conservation easement impairment	940,000	-
Changes in operating assets and liabilities:		
Contributions receivable	(128,658)	132,980
Accounts receivable	30,178	(35,214)
Prepaid expenses and other current assets	18,348	(23,290)
Accounts payable and accrued expenses	222	(8,030)
Grants payable	(226,811)	266,595
Deferred revenue	375,000	-
Total adjustments	<u>(1,180,663)</u>	<u>(431,389)</u>
Net Cash Provided by Operating Activities	<u>176,778</u>	<u>599,788</u>
Cash Flows from Investing Activities:		
Proceeds from sales of marketable securities	970,118	259,314
Purchase of fixed assets	(746,543)	(738,972)
Net Cash Provided by (Used in) Investing Activities	<u>223,575</u>	<u>(479,658)</u>
Increase in Cash and Cash Equivalents	400,353	120,130
Cash and Cash Equivalents, beginning of year	386,271	266,141
Cash and Cash Equivalents, end of year	<u>\$ 786,624</u>	<u>\$ 386,271</u>

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

1. Description of Organization and Summary of Significant Accounting Policies

Organization

The Orianne Society ("Orianne") is a not-for-profit wildlife conservation organization incorporated in the State of Delaware as a 501(c)(3) tax-exempt organization whose mission is the conservation of imperiled snakes. These conservation efforts are modeled after the flagship program, *The Indigo Snake Initiative*, to restore and conserve the Eastern Indigo Snake. Orianne's *Indigo Snake Initiative* is providing expertise and resources to create one of the largest snake conservation efforts in the world. Orianne identifies declining snake species that are representative of the ecosystems they inhabit. These animals act as an umbrella species, meaning that by implementing specially designed programs to save these species, the programs essentially contribute to conserving the ecosystems they inhabit and the many other species that use these environments. Orianne conducts scientific research to determine what factors are causing these species' decline and what steps need to be taken to mitigate those factors and then develops conservation programs to address these factors.

A brief summary of major programs of Orianne consist of the following:

Indigo Snake Preserve ("ISP"): Our focus is on protecting a contiguous corridor of Eastern Indigo Snake habitat within the Altamaha River Corridor in Georgia and managing and restoring habitats in the Altamaha River Corridor and in areas of Florida and Alabama where reintroduction efforts are focused. The ISP is a total of approximately 48,700 acres of potential Eastern Indigo Snake and Gopher Tortoise habitat that we work to restore. *The Orianne Indigo Snake Preserve ("OISP")* houses Orianne's Land Protection and Management Program which consists of approximately 2,600 acres of land that is owned and managed by Orianne and is a part of the ISP. The ISP land includes the Orianne owned and managed 2,600 acres of property, 8,700 acres managed as conservation land by state or federal agencies and 1,700 acres owned by local private cooperators dedicated to promoting the conservation of Eastern Indigo Snake habitats on their property. We have identified key priority land areas within the ISP that are critical to conserving Eastern Indigo Snakes and Gopher Tortoise and we continually work to secure these areas through owner conservation, purchase, easements, and partnerships. The goal is to maintain approximately 75% of the ISP as conservation land through ownership and partnership programs.

Our highly trained Land Management Team implements the best practices on both private and public land to enhance habitat for Eastern Indigo Snakes and many other species. Outfitted with top-of-the-line equipment, the Land Management Team implements practices such as prescribed fire, longleaf pine planting, wiregrass planting, invasive species removal, groundcover restoration, and timber harvest to meet our goal of restoring this landscape.

The Orianne Center for Indigo Conservation ("OCIC"): The OCIC is a cutting-edge facility specifically designed for the propagation of Eastern Indigo Snakes for our Reintroduction Program. Currently, the OCIC is composed of our Health Care Center, Herpetarium, Quarantine Facilities, and Outdoor Enclosure Area.

The OCIC houses our captive breeding and reintroduction efforts. The goal is to breed and to reestablish extirpated populations and augment existing populations of Eastern Indigo Snakes. We are developing the *"Captive Propagation and Reintroduction Plan for Eastern Indigo Snakes (*Drymarchon couperi*)"* which establishes basic protocols for propagating Eastern Indigo Snakes, such as identifying communication and coordination prior to reintroduction, source populations, regions for reintroduction, areas for habitat restoration, and existing federal and state policy requirements for permitting reintroduction actions.

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Communications: Oriante is working to inspire and inform local communities, the general public, and decision makers by communicating practical area-wide and local solutions that are needed to save and preserve, among other species, Eastern Indigo Snakes and the related environment. As part of this process, we utilize various written, pictorial and electronic media to document the Eastern Indigo Snake and other co-habitants in their environment and utilize such data to communicate to the scientific, political and other concerned individuals the current state and future needs of the conservation effort to save the Eastern Indigo Snake and other imperiled species.

Conservation Science Program: Oriante's Conservation Science Program provides information through research and monitoring that is used to guide on-the-ground conservation efforts, both within Oriante by working with our Land Management and Captive Conservation Programs, and through our network of partners. These research and monitoring projects address specific questions about Eastern Indigo Snakes in Georgia, Florida and Alabama that we need to understand in order to protect and maintain existing populations, as well as guide the reintroduction of new populations in places where Eastern Indigo Snakes were extirpated. In addition, the Conservation Science Program works to research the factors causing other snake species to decline, including species such as Eastern Diamondback Rattlesnakes, Timber Rattlesnakes, Burmese Pythons, Bushmasters, and Western Rattlesnakes, using the success of the *Eastern Indigo Snake Initiative* as a model to conserve these species.

Summary of Significant Accounting Policies

Basis of financial statement presentation - Oriante's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Oriante and changes therein are classified and reported as unrestricted net assets and temporarily restricted net assets. Oriante has no permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reflected in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Estimates - The preparation of financial statements in conformity with US GAAP 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.

Revenue recognition - Oriante's primary source of financial support consists of donations and grants.

Operating indicator - The Statements of Activities and Changes in Net Assets includes the caption Net Operating Income (Loss) which is deemed by Oriante to be its operating indicator. Transactions deemed by management to be ongoing, major or central to the support services and programs are reported as operating revenue and operating expenses and are included in the operating indicator. All other changes in unrestricted net assets are included within the caption Non-Operating Activities and excluded from the operating indicator.

Fair value measurements - Oriante establishes a framework for measuring the fair value of financial assets and liabilities and nonfinancial assets and liabilities which are measured at fair value on a recurring (annual) basis in the form of a fair value hierarchy organized into three levels based upon the input assumptions used for pricing assets and liabilities that prioritizes the inputs into valuation techniques used to measure fair value into three broad levels. Level 1 inputs have the highest reliability and are related to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable, either directly or indirectly, with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

not exist. In certain cases, the inputs used to measure fair value may fall into different levels of fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Donor-imposed restrictions - Oriante reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. All donor-restricted contributions are reported in the first instance as an increase in temporarily restricted net assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the revenue section of the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Unconditional promises to give (pledges receivable) - When Oriante receives unconditional promises to give that are expected to be collected within one year, they are recorded as contributions at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using average risk-free interest rates (adjusted for any risk premiums, when applicable) applicable to the year in which the promises are received. Amortization of the discounts is included in contribution revenue as an increase in unrestricted or temporarily restricted net assets, as appropriate.

Unconditional promises to give to others - When Oriante makes unconditional promises to give to others a liability or expense is recorded at the time of promise.

Conditional promises to give (pledges receivable) - When Oriante receives conditional promises to give they are not included as contributions by Oriante until the conditions have been substantially met.

Conditional promises to give to others - When Oriante makes conditional promises to give to others no liability or expense is recorded until the conditions have been substantially met.

Statements of cash flows - For purposes of the Statements of Cash Flows, Oriante considers all highly liquid debt instruments with an original maturity of three months or less, at the date of purchase, to be cash equivalents.

Allowance for doubtful accounts - Periodically, the individual accounts and contributions receivable balances are reviewed and evaluated as to their collectability, and a provision for doubtful accounts is estimated based on the amounts Oriante expects to collect on the receivable balance. Receivables are charged to the allowance for doubtful accounts when management has determined that further collection efforts are not warranted.

Property, buildings, and equipment - Property, buildings, and equipment assets are carried at cost or fair market value if donated. Buildings, furniture and fixtures, and equipment in excess of \$5,000 are capitalized and depreciated over their estimated useful life or the term of the related lease, whichever is less, using the straight-line method starting the month of purchase. The carrying amounts of assets and the related accumulated depreciation are removed from the accounts when such assets are disposed of and any resulting gain or loss is included in the Non-Operating Activities section of the Statements of Activities and Changes in Net Assets in the year of disposal. Estimated useful lives consist of: buildings 10 to 20 years; furniture and fixtures 5 years; equipment 3 to 5 years.

Impairment of long-lived assets - Oriante assesses the recoverability of its long-lived assets, such as property and equipment, whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

Income taxes - Orianne qualifies as a tax-exempt organization under the existing provisions of Internal Revenue Code Section 501(c)(3) and donations to Orianne are tax-deductible to the donor. Non-investment income is generally not subject to federal or state income and excise taxes. Orianne's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Orianne recognizes the effect of income tax positions only when the tax positions are more likely than not of being sustained. Management has determined that Orianne had no uncertain tax positions that would require financial statement recognition or disclosure. Management is also not aware of any violations of its tax status as an organization exempt from income taxes. Tax year 2008 and subsequent years are subject to audits by the applicable taxing jurisdictions. During the year ended June 30, 2012, Orianne incurred federal excise taxes of approximately \$11,000.

In-kind contributions - Orianne received in-kind contributions in the year ended June 30, 2011 (none in 2012), which were not significant, and are included in contributions in the Statements of Activities and Changes in Net Assets. In addition, Orianne receives the unconditional use of the properties comprising the *Orianne Indigo Snake Preserve*, solely for its environmental work in connection with the protection of indigo snakes, under leases having a nominal cost per year. It is not practicable to estimate the fair value of such use and, accordingly, no amounts are included in either contributions or expenses in the accompanying financial statements.

Allocated expenses - Orianne's expenses have been summarized on a functional basis in accordance with US GAAP. Most expenses may be identified to their related program or support service and are recorded accordingly. Certain salaries and other expenses have been allocated based on estimated time spent, the percentage of each program's direct expenses over total program costs, or other bases considered appropriate given the nature of the expense.

Marketable securities - Orianne classifies its equity securities that have readily determinable fair values as available for sale securities. Available for sale securities are recorded at fair value. Unrealized holding gains and losses on available for sale securities are excluded from the operating indicator and are reported as a separate component of unrestricted net assets within the caption Non-Operating Activities until realized. Realized gains and losses from the sale of available for sale securities are determined on a first in-first out basis. A decline in the market value of any available for sale securities below cost deemed to be other than temporary results in an impairment to reduce the carrying amount to fair value and is treated as a realized loss at time of other than temporary impairment. To determine if impairment is other than temporary, Orianne considers all available information relevant to the collectability of the security, including past events, current conditions, and reasonable and supportable forecasts when developing estimate of cash flows expected to be collected.

Subsequent events evaluation by management - Management evaluates subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements are available to be issued.

Reclassifications - Certain expense reclassifications have been made to the 2011 Statement of Functional Expenses to conform to the 2012 presentation. Such reclassifications have no effect on previously reported total program services, total management and general expenses, or total expenses.

2. Fair Value Measurements

At June 30, 2011, Orianne had marketable securities with a fair value aggregating \$644,000 with an original cost basis of \$787,850. These securities were considered short-term available for sale securities and were classified within Level 1 of the fair value hierarchy. These securities, comprised of common stock in a single company within the mining industry, were valued using quoted prices in active markets. Orianne did

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

not have any Level 1 securities at June 30, 2012, nor any Level 2 or Level 3 financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2012 or 2011. Oriante's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. There were no significant transfers into or out of Level 1, Level 2, or Level 3 for the years ended June 30, 2012 or 2011.

Fair Value of Other Financial Instruments.

At June 30, 2012 and 2011, Oriante's other financial instruments consist of cash and cash equivalents, receivables, accounts payable and other current liabilities. The carrying amounts of these financial instruments approximate fair value due to their short maturities.

3. Fixed Assets, net

Fixed assets consist of the following:

<i>June 30,</i>	2012	2011
Land	\$ 1,222,905	\$ 377,100
Buildings	1,467,232	544,416
Furniture and Fixtures	60,723	32,282
Equipment	444,130	404,380
	<u>3,194,990</u>	1,358,178
Less Accumulated Depreciation	297,807	208,906
	<u>2,897,183</u>	1,149,272
Construction in Progress	-	78,544
Fixed Assets, net	<u>\$ 2,897,183</u>	<u>\$ 1,227,816</u>

Depreciation expense was approximately \$160,000 and \$139,000 for the years ended June 30, 2012 and 2011, respectively. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use.

During the year ended June 30, 2012, Oriante provided The Nature Conservancy a conservation easement on certain property that was donated to Oriante. The granting of the conservation easement reduced the fair value of the underlying land, based on an independent appraisal, by \$940,000 for which the impairment was recorded in the Statements of Activities and Changes in Net Assets within Non-Operating Activities.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are comprised of contributions restricted by the donors for the following purposes:

<i>June 30,</i>	2012	2011
Land Restoration	\$ 136,857	\$ -
Capital Assets and Land Improvement	27,032	768,981
Research	-	9,502
Rebranding Project	16,936	25,086
	<u>\$ 180,825</u>	<u>\$ 803,569</u>

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

A portion of these temporarily restricted contributions are also restricted by time as they have not yet been received by Orianne. At June 30, 2012 and 2011, cash and marketable securities received relating to temporarily restricted net assets (reported as a component of cash and cash equivalents and marketable securities) amounted to approximately \$44,000 and \$804,000, respectively.

5. Related Party Transactions

Since inception, a significant portion of the unrestricted and temporarily restricted contributions were received from a member of Orianne's Board of Directors. Contributions receivable at June 30, 2012 and 2011 of nil and \$21,300, respectively, were due from the Director and/or his family.

At June 30, 2011, there were two leases with related parties for the property comprising the *Orianne Indigo Snake Preserve*. The ten-year leases provided for annual rental payments of one dollar (\$1.00) per year with automatic one-year renewals at the same annual rental rate. Orianne may use the properties solely for its environmental work in connection with the protection of Eastern Indigo Snakes and may not sublet or assign the leases. During the year ended June 30, 2012, the underlying property for one of the leases, having an appraised value of \$2,380,000, was donated to Orianne and is reflected, net of the net book value of leasehold improvements made by Orianne on the property in previous years, in the Statements of Activities and Changes in Net Assets within the caption Non-Operating Activities. See Notes 7 and 8 for additional information relative to the remaining lease.

6. Retirement Plan

The Orianne Society 401(k) Retirement Plan ("Plan") has a calendar year end and under the Plan provisions, employees may make elective contributions of amounts up to the federal limitations. Employee elective contributions are matched by employer contributions to the Plan on, at a minimum, an annual Plan year basis. Orianne matches employee elective contribution at a rate of 100% up to 3% of the employee's gross pay and 50% of the excess of compensation above 3% but not to exceed 5% of total compensation. Orianne's matching employee elective contributions vest immediately. Total pension expense for the years ended June 30, 2012 and 2011 aggregated approximately \$25,600 and \$21,000, respectively.

7. Commitments and Contingencies

Land lease - On April 26, 2010, Orianne entered into a ten-year lease for land that comprises a portion of the *Orianne Indigo Snake Preserve* in Telfair County, Georgia. Orianne may use the leased property solely for its environmental work in connection with the protection of Eastern Indigo Snakes and may not sublet or assign the lease. Annual rent payments are one dollar (\$1.00) under the lease. See Note 8 for additional information.

Office leases - During the year ended June 30, 2010, Orianne entered into a lease that provides for annual renewals, up to a total of three years. The lease is a non-cancelable operating lease for office space, having annual rent payments of \$18,000. The second renewal under the lease expired in August 2012; however, Orianne has exercised its third renewal option through August 1, 2013, at which time the lease expires. In addition, Orianne had various month-to-month space leases. Rent expense under all leases aggregated approximately \$27,000 for each of the years ended June 30, 2012 and 2011.

Concentration of credit risk - Financial instruments that potentially subject Orianne to concentrations of credit risk consist principally of temporary cash investments, marketable securities and receivables. Orianne places its temporary cash investments with high credit quality financial institutions; however, in the event of the financial institution's insolvency, recovery of Orianne's assets on deposit may be limited to account insurance by the Federal Deposit Insurance Corporation or other protection afforded such deposits.

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

8. Subsequent Event

On August 23, 2012, Oriane received a Limited Warranty and Quitclaim Deed of Gift from a related party for approximately 1,665 acres of vacant land having an independent appraised value of \$3,170,000 at time of donation. As described in Note 5, *Related Party Transactions* and Note 7, *Commitments and Contingencies*, this property had been previously leased to Oriane by the related party for a nominal \$1.00 annual fee.

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 10, 2012. No transactions or events subsequent to June 30, 2012 through October 10, 2012, other than those disclosed, were noted that require additional consideration or disclosure in the accompanying financial statements.