# FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2015

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

# FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

# **CONTENTS**

	Page
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	. 6
Supplementary Information	
Schedule of Functional Expenses	16

April 19, 2016

Independent Auditors' Report

Board of Directors WildEarth Guardians Santa Fe, New Mexico

We have audited the accompanying financial statements of **WildEarth Guardians**, (a New Mexico nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows 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 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 of 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 auditors' 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 evaluating 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 WildEarth Guardians as of December 31, 2015, 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.

#### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

#### Report on Summarized Comparative Information

We have previously audited WildEarth Guardians' financial statements for the year ended December 31, 2014, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

TAYLOR, ROTH AND COMPANY, PLLC CERTIFIED PUBLIC ACCOUNTANTS

laylor, Roth and Company

# STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015		2014
Assets	•		
Cash and cash equivalents - unrestricted	\$ 434,2		\$ 350,747
Cash and cash equivalents - fiscal agent	267,		271,745
Cash and cash equivalents - temporarily restricted	380,0		388,868
Accounts receivable	124,9	997	26,106
Contingent pledge receivable (Note 3)			
Prepaid expenses	18,0		15,326
Donated lease receivable - temporarily restricted (Note 4)	65,3		97,937
Investments (Note 5)	929,2	236	949,003
Property held for sale (Note 9)		- ,	469,999
Property and equipment, net (Note 6)	•	584	15,660
Beneficial interest in assets held by others - board-designated (Note 7)	44,5	510	47,711
Beneficial interest in assets held by others - temporarily restricted (Note 7)	10,7	741	18,034
Beneficial interest in assets held by others - permanently restricted (Note 7)	181,0	082	181,082
Total assets	\$ 2,459,0	005	\$ 2,832,218
<u>Liabilities and net assets</u> Liabilities			
Accounts payable	\$ 111,5		\$ 43,447
Accrued payroll expenses	39,1		43,861
Fiscal agent (Note 8)	267,4	480	271,745
Notes payable (Note 9)		-	407,202
Capital lease payable (Note 10)		763	3,605
Commitments and contingencies (Note 11)			
Total liabilities	418,9	919	769,860
Net assets			
Unrestricted			
Operating	164,1	109	61,532
Net investment in property and equipment	1,9	921	74,852
Board-designated endowment (Note 7)	44,5	510	47,711
Board-designated reserve (Note 12)	1,192,3	342	1,192,342
Temporarily restricted (Note 13)	456,1	122	504,839
Permanently restricted (Notes 7 and 14)	181,0	)82	181,082
Total net assets	2,040,0	086	2,062,358
Total liabilities and net assets	\$ 2,459,0	005	\$ 2,832,218

The accompanying notes are an integral part of these financial statements

# STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Revenue and other support					
Individual donations	\$ 927,373	\$ 202,001	\$ -	\$ 1,129,374	\$ 1,220,476
Grants	269,912	807,250	-	1,077,162	1,301,433
Government grants and contracts	484,736	-	-	484,736	523,038
Program service fees	195,824	-	-	195,824	129,964
Special events, net	168,070	-	-	168,070	151,263
Less: direct benefit to donors	(109,360)	-	-	(109,360)	(77,475)
Rental income	21,768	-		21,768	35,248
Other revenue	15,375	-	-	15,375	6,672
Investment income(loss) (Note 5)	(710)	-	-	(710)	(1,245)
Change in beneficial interest in asset	S				
held by others (Note 7)	(3,201)	(7,293)	-	(10,494)	4,340
In-kind contributions (Note 15)	113,386	5,746	-	119,132	219,592
Net assets released from					
restrictions (Note 16)	1,056,421	(1,056,421)		-	_
Total revenue and other support	3,139,594	(48,717)	_	3,090,877	3,513,306
Expense					
Program services	2,672,144	-	-	2,672,144	3,009,048
Supporting services					
Management and general	203,702	-	-	203,702	238,147
Fund-raising	237,303			237,303	333,172
Total expense	3,113,149	_	_	3,113,149	3,580,367
Unusual item (Note 9)	_	_	_	-	(174,307)
Change in net assets	26,445	(48,717)	-	(22,272)	(241,368)
Net assets, beginning of year	1,376,437	504,839	181,082	2,062,358	2,303,726
Net assets, end of year	\$ 1,402,882	\$ 456,122	\$ 181,082	\$ 2,040,086	\$ 2,062,358

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Cash flows from operating activities		•
Change in net assets	\$ (22,272)	\$ (241,368)
Adjustment to reconcile change in net assets to net cash provided by operating activiti	ies	
Net (gains)losses on investments	1,853	1,279
Donated securities	(260,373)	(209,997)
Gain on disposal of assets	(8,099)	-
Depreciation expense	9,946	16,010
Change in donated lease receivable	30,730	(67,588)
Impairment of property held for sale	-	174,307
Changes in operating assets and liabilities		
(Increase)decrease in accounts receivable	(98,891)	36,749
(Increase)decrease in pledges receivable	1,860	1,860
(Increase)decrease in grants and contracts receivable	-	80,000
(Increase)decrease in prepaid expenses	(3,327)	(3,712)
(Increase)decrease in assets held by others	10,494	29,259
Increase(decrease) in accounts payable	68,100	14,906
Increase(decrease) in accrued payroll expenses	(4,732)	(29,394)
Increase(decrease) in fiscal agent	(4,265)	407
Net cash provided(used) by operating activities	(278,976)	(197,282)
Cash flows from investing activities		
(Purchases)sales of investments	(437,371)	(340,621)
Proceeds from sales of investments	715,657	
Net cash provided(used) by investing activities	278,286	(340,621)
Cash flows from financing activities		
(Repayments) on capital lease	(2,842)	(2,402)
Proceeds from property and equipment dispositions	481,129	_
(Repayments) on notes payable	(407,202)	(23,007)
Net cash provided(used) by financing activities	71,085	(25,409)
Net change in cash	70,395	(563,312)
Cash and cash equivalents, beginning of year	1,011,360	1,574,672
Cash and cash equivalents, end of year	\$ 1,081,755	\$ 1,011,360
Supplemental disclosure of information:	_	_
Cash paid during the period for interest	\$ 5,500	\$ 22,879
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# NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

#### NOTE 1 - NATURE OF ACTIVITIES

WildEarth Guardians (the Organization) is a New Mexico nonprofit corporation, incorporated in 1992, that seeks to protect and restore wildlife, wild rivers, and wild places in the American West through fundamental reform of public policies and practices. The Organization operates the following major programs:

Wild Places - Halting logging projects; working for grazing reform on public lands; protecting national grasslands and prairies; and analyzing fire policy and management practices. In addition WildEarth Guardians works to restore wounded landscapes by planting trees and removing roads.

Wildlife - Preventing extinction and promoting recovery of imperiled native plants and animals in the West.

**Climate and Energy** - Addressing the climate crisis by challenging fossil fuel extraction and use promoting energy efficiency, and promoting appropriate sustainable energy.

Wild Rivers - Focus is on advocating for clean, free-flowing rivers across the West including defending the Rio Grande's right to its own waters.

WildEarth Guardians' significant outreach activities include three newsletters, an annual report, various events designed to engage the community in our conservation programs, and an extensive website. The Organization is supported primarily by individual donations, foundation grants, and government grants and contracts.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

#### 1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### 2. Basis of Presentation

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.

#### 3. Restricted and Unrestricted Revenue

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

#### 4. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

#### 5. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a provision for bad debt expense. No provision was deemed necessary at December 31, 2015.

#### 6. Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

#### 7. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for property and equipment in excess of \$5,000. The fair value of donated assets is similarly capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

#### 8. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated 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 statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### 9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

#### 10. Fair Value Measurements

The Organization is subject to the provisions of the Fair Value Measurements and Disclosures accounting standard. This standard requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

#### 11. Income Taxes

WildEarth Guardians has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). The Organization is subject to tax on unrelated business income for income from debt-financed property and has filed Form 990-T, Exempt Organization Business Income Tax Return. In accordance with the provisions associated with accounting for uncertainty in income taxes, management has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Additionally, management believes that no accruals for tax liabilities related to uncertain income tax positions are required. Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements. The Organization's Federal Return of Organization Exempt from Income Tax (Form 990) and Exempt Organization Business Income Tax Return (Form 990-T) are subject to examination by the IRS, generally for three years after filing.

#### 12. Functional Reporting of Expenses

For the year ended December 31, 2015, 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.

#### 13. Summarized Prior-Year 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 December 31, 2014, from which the summarized information was derived.

#### 14. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

#### 15. Subsequent Events

Management has evaluated subsequent events through April 19, 2016, the date the financial statements were available to be issued.

#### NOTE 3 - CONTINGENT PLEDGE RECEIVABLE

The Organization has received a pledge of \$2 million that is restricted for the retirement of grazing permits in the greater Gila Bioregion. This pledge is contingent upon changes in federal legislation within two years, the status of which is currently uncertain. This pledge is considered a conditional promise to give, and therefore, it is not recorded in the financial statements. The pledge will be recognized as income in the period when the contingency is met.

#### NOTE 4 - DONATED LEASE RECEIVABLE

The Organization leases office space in Santa Fe from an unrelated party for \$1 per year. The lease is for the period of October 15, 2014, to October 15, 2017. The estimated value of the lease was \$38,336 per year. Unconditional promises to give are discounted at 6 percent. The unconditional promise to give consists of the following:

Description	Amount
Receivable in less than one year Receivable in one to three years	\$ 38,336 30,349
Total Less: discount to present value	68,685 (3,338)
Net donated lease receivable	\$ 65,347

#### NOTE 5 - INVESTMENTS

At year-end, the market value of investments approximated cost and consisted of five certificates of deposit with maturity dates ranging from February 2015 to June 2015. The investments are Level 1 investments in the fair value hierarchy.

Investment income for the year consisted of the following:

<u>Description</u>	Amount
Dividends and interest income - investments	\$ 1,575
Interest income - demand accounts	287
Realized and unrealized gain(loss) - unrestricted investments	(1,853)
Management fees	(719)
Total	\$ (710)

#### NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

<u>Description</u>		Amount
Office furniture and equipment Vehicles River restoration equipment	\$	39,573 31,496 8,841
Total Less: accumulated depreciation	<b>1</b>	79,910 (77,226)
Net property and equipment	\$	2,684

Depreciation expense for the year was \$9,946.

#### NOTE 7 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

For purposes of endowment, the Organization has placed funds on deposit with three different community foundations. The unrestricted portion of the New Mexico Community Foundation, the Albuquerque Community Foundation, and Santa Fe Community Foundation money is a quasi-endowment, over which the Board of Directors has ultimate authority.

The permanently restricted portion of the New Mexico Community Foundation and Santa Fe Community Foundation money is a permanent endowment, to be held in perpetuity by the community foundation, with only an income component available to the Organization each year. The investments are shown at market value at December 31, 2015.

Changes in endowment assets held with the New Mexico Community Foundation, the Albuquerque Community Foundation, and the Santa Fe Community Foundation for the year ended December 31, 2015, are as follows:

				Total
	Board	Temporarily	Permanently	Endowment
<u>Description</u>	Designated	Restricted	Restricted	Net Assets
Balance, beginning of year, as previously reported	\$ 47,711	\$ 18,034	\$ 181,082	\$ 246,827
Gifts and contributions		_	_	_
Investment return:				
Net earnings	(1,129)	33	· -	(1,096)
Assessment	(223)	(2)	-	(225)
Management fees	(181)	(709)		(890)
Total investment return	(1,533)	(678)		(2,211)
Appropriation of assets				
for expenditure	(1,668)	(6,615)	_	(8,283)
Balance, end of year	\$ 44,510	\$ 10,741	\$ 181,082	\$ 236,333

#### NOTE 8 - FISCAL AGENT

WildEarth Guardians and other environmental groups collectively won a case in 2005 to protect the silvery minnow habitat in the Rio Grande River. The settlement agreement required payment of \$225,000 from the Albuquerque Bernalillo County Water Utility Authority and \$25,000 from environmental groups, collectively, to be put into an escrow account. The funds held in escrow are to be used to purchase water rights. If the funds are not used, they may be returned to the contributing parties. The Organization is the fiscal agent of the funds. The original escrow agreement was for the period of January 18, 2007 to 2012, and during 2012, the parties negotiated an extension for an additional 5 years. Changes in the balance of these funds held for others includes interest earned on the original contributions, and as of December 31, 2015, the total amount held under this fiscal agency agreement was \$267,480.

# NOTE 9 - NOTES PAYABLE

In August 2013, the Organization purchased property in Missoula, Montana. The property, which was purchased at a discount, was held for sale and not used in operations. A loan was obtained to finance the purchase. The property was recorded in the financial statements at time of purchase at \$644,306, which was equal to the appraised value of \$637,500 plus closing costs. Due to market conditions, the Organization reduced the asking price to \$469,999 in February 2015 and recorded an impairment of \$174,307 during the period ended December 31, 2014. The property sold on April 27, 2015, and the Organization recognized a gain of \$8,099. Interest expense on the note payable totaled \$5,366 for the year ended December 31, 2015.

## NOTE 10 - CAPITAL LEASE

The Organization leases office equipment under a capital lease. The lease is for the period of April 1, 2012, to March 31, 2016. The monthly rental payment is \$238. The interest rate used was 6.00% and is imputed based on the lower of the Organization's incremental borrowing rate at the inception of the lease or the lessor's implicit rate of return. The balance of the capital lease at December 31, 2015, was \$763.

The future scheduled minimum payments for the years ending December 31st are:

Year	A	mount
2016	\$	954
Amount representing interest		(191)
Total	\$	763

Interest expense on the capital lease totaled \$132 for the year ended December 31, 2015.

## NOTE 11 - COMMITMENTS AND CONTINGENCIES

#### 1. Office Leases

As discussed in Note 4, the Organization receives the use of in-kind office space for its Santa Fe location. The lease payment is \$1 per year. The lease expires on October 15, 2017.

The Organization also leases office space for its Denver, Tucson, Salt Lake City, Portland, and Missoula locations. The Denver, Salt Lake City, and Tucson leases are on a month-to-month basis. Monthly base rental payments for the Denver office are \$934 plus an assessment for net operating expenses. One-third of the premises are shared with an unrelated non-profit organization. WildEarth Guardians is not responsible for any unpaid rent by this tenant. The Tucson lease rate is \$290 per month, and the Salt Lake City rate is \$1,390 per month.

The Missoula office is leased for \$1,890 a month, and the lease expires in September 2016. Three unrelated non-profit organizations sublet the office space in Missoula from the Organization. These sub-lease agreements are on a month-to-month basis. The Portland office is leased for \$650 per month, and the lease expires August 31, 2017.

Total office rent expense for 2015, including in-kind rent in Santa Fe valued at \$38,336, was \$98,297. The minimum future lease payments for the Portland and Missoula locations are:

<u>Year</u>		Amount
2016		\$ 24,890
2017		5,360
Total		\$ 30,250

#### 2. Equipment Leases

The Organization rents equipment for its river restoration work on a month-to-month basis. Equipment lease expense totaled \$28,103 for 2015.

#### 3. Land Leases

WildEarth Guardians is the lessee of land leases in New Mexico and Arizona expiring in various years through 2016. The purpose of the leases is to control the grazing of the land. Total land lease expense for 2015 was \$2,220.

#### 4. Conservation Easements

The Organization holds conservation easements on two properties located in New Mexico. The Organization is responsible for monitoring the easements to ensure that their conditions are being followed. If any conditions of the easements are not followed, legal action by WildEarth Guardians may be necessary.

#### NOTE 12 - BOARD-DESIGNATED RESERVE

It is the policy of the Board of Directors that the Organization work towards building a cash reserve fund that is a minimum of 4 months of expenses at any one time and when averaged over the 12 months of the year, a minimum average of 6 months of expenses. As of December 31, 2015, the minimum reserve was \$1,192,342.

#### NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

At year-end, temporarily restricted net assets are available for the following purposes:

<u>Description</u>	Amount
Gila Bioregion and grazing permit retirement	\$ 260,732
Climate and energy	86,879
In-kind rent for 2016 and 2017	65,347
Wild Places	32,423
Endowment earnings - assets held by others	10,741
Total	\$ 456,122

#### NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of an endowment fund established at the New Mexico Community Foundation and the Santa Fe Community Foundation as described in Note 5, Beneficial Interest in Assets Held by Others. The principal amount of the fund is to be held in perpetuity for the benefit of the Organization, with annual distributions of investment income to the Organization.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution plus the costs of administering these funds with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 3 - 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 4 - 6% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of appropriating for distribution each year 3 - 5% of its endowment fund's fair value based on a 12-quarter rolling average. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 4 - 6% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

#### NOTE 15 - IN-KIND CONTRIBUTIONS

In-kind contributions are reflected in the accompanying statements at estimated values at date of receipt. The value of donated materials and services included in the financial statements and the corresponding expenses for the year are as follows:

Description	Amount
Google AdWords	\$ 113,386
Office rent	5,746
Total	\$ 119,132

WildEarth Guardians also received contributed services not requiring professional level specialized skills, valued at \$30,000, as follows:

<u>Description</u>		Hours
River restoration Administrative assistance		1,200 200
Total		1,400

# NOTE 16 - <u>NET ASSETS RELEASED FROM RESTRICTIONS</u>

During the year, net assets were released from donor restrictions by incurring expenses satisfying the restricted program purposes:

<u>Description</u>		Amount
Wild Places/rewilding	\$	272,787
Climate and energy		196,271
Wildlife/endangered species		137,032
Wild Places		132,056
Gila Bioregion		108,588
Wildlife/wolves		48,750
In-kind rent		38,336
Sagebrush Sea		36,000
Events - gala		27,938
Water/Wild Rivers		26,500
Legal		15,000
Events - Howling Affair		13,250
River restoration		3,413
Events - other	-	500
Total	\$	1,056,421

#### NOTE 17 - PENSION PLAN

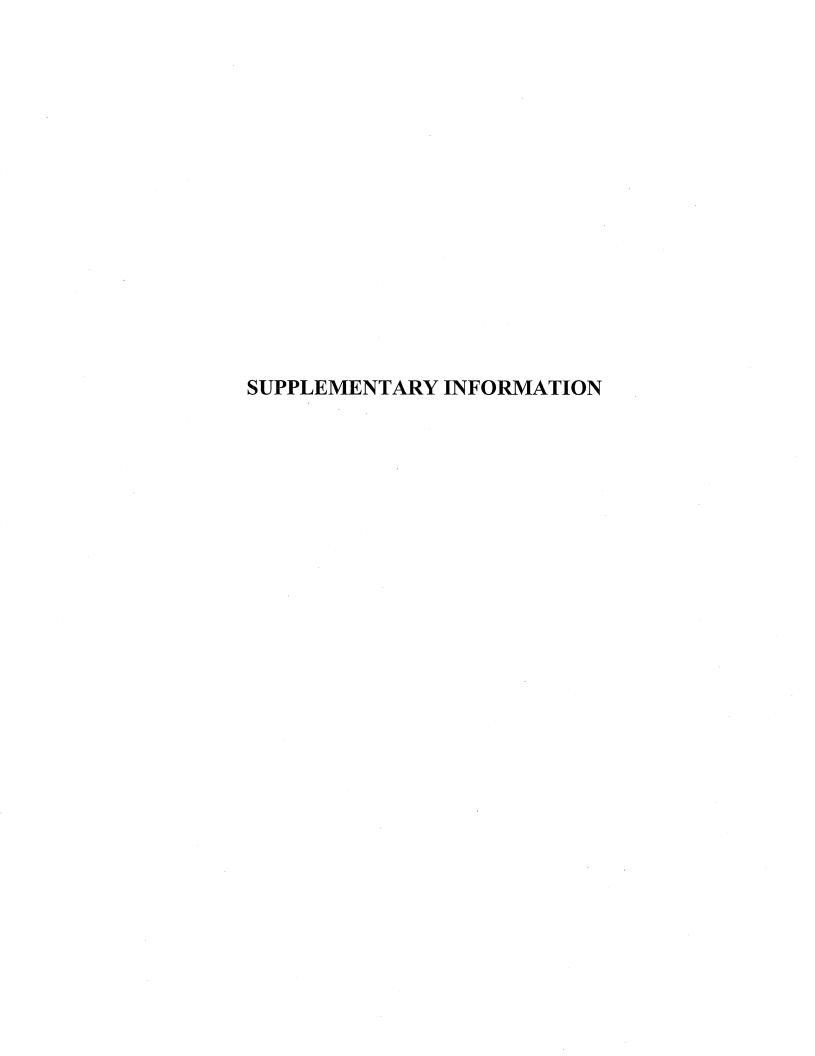
During 2014, the Organization adopted a 403(b) retirement plan which includes an employer contribution of up to 3 percent of gross salary. Non-seasonal employees are eligible to participate in the plan on the first day of employment, and the employer match is effective after 12 months of employment. The amount contributed by the employee vests to the employee immediately, and the employer match is fully vested upon 24 months of employment. Retirement expense for the year ended December 31, 2015, was \$29,758.

#### NOTE 18 - LEGAL FEES AND SETTLEMENTS

Legal fees are expenses incurred for environmental lawsuits brought by WildEarth Guardians' program staff. Some of the litigation that WildEarth Guardians' program staff is involved in may result in financial settlements. Due to uncertainties related to legal settlements, all revenue related to the litigation is recorded as program service revenue in the period in which the settlement is finalized. In addition, expenses related to litigation are recorded as costs when are incurred. As a result, expenses may be recorded in a period that precedes the related revenue.

#### NOTE 19 - CONCENTRATIONS OF CREDIT RISK

At December 31, 2015, the Organization had cash assets maintained in a local banking institution that exceeded the coverage offered by the Federal Deposit Insurance Corporation. The uninsured balance was \$17,480.



SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2015 (WITH COMPARATIVE TOTALS FOR 2014)

		<u> </u>				20	15							2014
	Program Services						Supporting Services			*				
	Restoration	Wild Places	Legal	Wildlife	Publications and Outreach	Climate and Energy	Wild Rivers	Events	Lobbying	Total Program Services	Management and General	Fund- raising	Total	Total
Salaries	\$ 232,925	\$ 327,380	\$ 191,449	\$ 230,961	\$ 46,498	\$ 126,634	\$ 54,683	\$ 17,462	\$ 4,040	\$ 1,232,032	\$ 119,914	\$ 120,438	\$ 1,472,384	\$ 1,459,275
Payroll taxes and benefits	39,816	71,294	50,772	60,441	11,966	32,761	14,167	4,481	1,042	286,740	25,094	30,946	342,780	348,376
Contract labor	164,504	9,920	2,158	5,720	1,702	76,712	6,887	154	49	267,806	1,387	10,750	279,943	278,215
Publications and media	38	839	119	3,429	156,674	7,321	137	13	2	168,572	70	34,895	203,537	244,622
Legal services	-	2,063	113,063	9,801		4,932	2,818			132,677		: `\ `` . <u>-</u> .	132,677	59,940
Occupancy	5,466	30,071	17,678	21,107	4,188	11,583	5,031	1,193	434	96,751	16,109	10,648	123,508	118,626
Travel	28,968	29,172	8,124	18,521	92	16,945	6,713	266	470	109,271	385	8,604	118,260	116,279
Website development		12	-		94,075	,	- ·	· · · · · · · · · · · · · · · · · · ·	<u>-</u> '.	94,087		*	94,087	99,177
Supplies	53,892	135		1 / 1 1 = 3	·			_ ·	-	54,027	_		54,027	54,735
Staff development and training	1,818	10,263	7,777	9,036	1,386	4,384	3,947	325	110	39,046	4,438	4,009	47,493	34,144
Professional services	<u>-</u>	8,924		9,603	<u>-</u> ·	9,321	289			28,137	6,547	32	34,716	19,162
Telephone	1,465	7,949	4,739	5,637	1,123	3,066	1,327	429	99	25,834	2,937	2,846	31,617	30,701
Equipment leases	35,140	47	28	34	7	18	8	2	1	35,285	18	18	35,321	25,081
Office expense	3,052	5,984	3,097	5,506	647	2,395	2,156	285	53	23,175	2,132	1,757	27,064	36,864
Insurance	6,656	3,776	2,418	2,902	540	1,519	660	151	52	18,674	1,656	1,678	22,008	21,814
Fees	1,008	3,172	5,864	2,615	921	1,506	541	138	65	15,830	1,169	1,621	18,620	24,775
Dues and subscriptions	48	1,471	7,092	1,165	235	936	1,204	4	5	12,160	27	2,782	14,969	8,597
Postage	272	1,838	1,276	1,814	284	3,250	557	74	20	9,385	554	1,197	11,136	14,113
Accounting services	- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	<u> </u>	·	'	· · · · · · · · · · · · · · · · · · ·		<b>-</b>	_	· · · · · · · · · · · · · · · · · · ·		10,485		10,485	15,492
Interest expense	374	1,304	805	973	182	509	218	62	12	4,439	517	544	5,500	22,879
Land leases	· -	2,220	_	· -	-	· · · · · · · · · · · · · · ·		_	-	2,220	<u>-</u> -	- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	2,220	4,010
Grazing permit buy-out	· · · · · · · · · · · · · · · · · · ·	·		_	_	<del>-</del>		' <u>-</u> '		_		·	_	500,000
All other	8,549	• 901	457	3,302	185	2,109	425	38	30	15,996	317	4,538	20,851	27,480
	583,991	518,735	416,916	392,567	320,705	305,901	101,768	25,077	6,484	2,672,144	193,756	237,303	3,103,203	3,564,357
Depreciation							. <u> </u>			. <u> </u>	9,946		9,946	16,010
Total expenses	\$ 583,991	\$ 518,735	\$ 416,916	\$ 392,567	\$ 320,705	\$ 305,901	\$ 101,768	\$ 25,077	\$ 6,484	\$ 2,672,144	\$ 203,702	\$ 237,303	\$ 3,113,149	\$ 3,580,367