



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

WILDEARTH GUARDIANS

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2021
With Comparative Totals for 2020**

WILDEARTH GUARDIANS
For the Year Ended December 31, 2021, With Comparative Totals for 2020

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WILDEARTH GUARDIANS
As of December 31, 2021

OFFICIAL ROSTER

Board of Directors

Name	Title
Bill Syme	President
Gay Dillingham	Vice President
Cathy Bailey	Secretary
Peter Schoenburg	Treasurer
Anne Butterfield	Member
Nat Cobb	Member
Francine Spang-Willis	Member
Rebecca Vitale Mandich	Member
Kristina Martinez	Member
Betsy Quammen	Member
Dustin Martin	Member

Independent Auditor's Report

To the Board of Directors of
WildEarth Guardians
Santa Fe, New Mexico

Opinion

We have audited the accompanying financial statements of the WildEarth Guardians (the Organization)(a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WildEarth Guardians and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
March 21, 2022

WILDEARTH GUARDIANS
STATEMENT OF FINANCIAL POSITION
As of December 31, 2021, With Comparative Totals For 2020

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Current Assets			
Cash & cash equivalents		\$ 246,584	335,107
Current restricted cash (fiscal agent)	8	67,174	67,000
Current restricted cash for donor restrictions		352,945	426,831
Accounts receivable		-	45,386
Note receivable - current portion	5	-	12,846
Prepaid expenses		10,000	10,000
Short-term investments, at fair value	4	4,495,455	3,989,883
Total current assets		<u>5,172,158</u>	<u>4,887,053</u>
Non-current restricted cash (fiscal agent)	8	-	67,331
Non-current restricted cash for donor restrictions		-	275,000
Note receivable - non-current portion	5	-	16,851
Security deposits		7,149	7,621
Property & equipment, net	6	-	-
Beneficial interests in assets held by others	7	118,336	111,682
Total non-current assets		<u>125,485</u>	<u>478,485</u>
TOTAL ASSETS		<u>\$ 5,297,643</u>	<u>5,365,538</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		\$ 58,174	13,535
Deposits held for sublessee		400	400
Accrued payroll		141,459	98,788
Current portion funds held for others (fiscal agent)	8	67,174	67,000
Long-term debt, current portion	9	-	393,939
Total current liabilities		<u>267,207</u>	<u>573,662</u>
Non-current liabilities:			
Funds held for others (fiscal agent)	8	-	67,333
Long-term debt, less current portion	9	-	106,061
Total liabilities		<u>267,207</u>	<u>747,056</u>
Net Assets			
Without donor restrictions			
Undesignated		2,071,796	1,311,406
Board designated reserve	10	2,600,000	2,600,000
Total unrestricted net assets		<u>4,671,796</u>	<u>3,911,406</u>
With donor restrictions			
Restricted for purpose and time	11	352,945	701,831
Restricted for perpetuity	7	5,695	5,245
Total net assets		<u>5,030,436</u>	<u>4,618,482</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 5,297,643</u>	<u>5,365,538</u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

WILDEARTH GUARDIANS
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021, With Comparative Totals For 2020

	2021		Total	2020
	Without Donor Restrictions	With Donor Restrictions		
Revenue and other support				
Individual donations	\$ 318,960	1,518,650	1,837,610	2,699,695
Grants	2,363,000	-	2,363,000	1,364,670
Government contracts	-	-	-	69,232
Private land restoration contracts	-	-	-	26,624
Legal income	51,689	-	51,689	73,751
Special events	125,256	-	125,256	35,957
Rental income	25,910	-	25,910	31,145
Investment income, net	72,513	-	72,513	96,851
Distributions from and change in beneficial interests in assets held by others	6,204	450	6,654	3,921
Other revenue	69,207	-	69,207	70,226
Gain on sale of property & equipment	-	-	-	22,179
In-kind contributions (stock donations)	83,255	-	83,255	73,043
Donated goods and services	16,532	-	16,532	11,279
Revenue received on behalf of sponsored organization	19,824	-	19,824	-
Net assets released	<u>1,867,536</u>	<u>(1,867,536)</u>	<u>-</u>	<u>-</u>
 Total revenue and other support	 5,019,886	 (348,436)	 4,671,450	 4,578,573
Expense				
Program services				
Wildlife	456,389	-	456,389	445,962
Wild rivers	266,656	-	266,656	205,281
Wild places	880,097	-	880,097	537,346
Climate and Energy	578,258	-	578,258	498,134
Legal	461,590	-	461,590	392,736
Lobbying	30,210	-	30,210	40,405
Communications	499,823	-	499,823	416,700
Restoration	-	-	-	149,103
Fiscal sponsor	19,824	-	19,824	-
Supporting activities				
Management and general	395,670	-	395,670	279,666
Fund-raising	670,979	-	670,979	606,545
Total expense	<u>4,259,496</u>	<u>-</u>	<u>4,259,496</u>	<u>3,571,878</u>
 Change in net assets	 <u>760,390</u>	 <u>(348,436)</u>	 <u>411,954</u>	 <u>1,006,695</u>
 Net assets, beginning of year	 <u>3,911,406</u>	 <u>707,076</u>	 <u>4,618,482</u>	 <u>3,611,787</u>
 Net assets, end of year	 <u>\$ 4,671,796</u>	 <u>358,640</u>	 <u>5,030,436</u>	 <u>4,618,482</u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

WILDEARTH GUARDIANS
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2021, With Comparative Totals For 2020

	2021											2020		
	Program Services								Supporting Activities				Total	Total
	Wildlife	Wild Rivers	Wild Places	Climate and Energy	Legal	Lobbying	Communi-cations	Fiscal Sponsor	Total Program Services	Management and General	Fundraising and Events			
Salaries	\$ 297,113	172,571	500,343	317,472	289,065	21,568	248,149	-	1,846,281	262,628	278,930	2,387,839	2,123,325	
Payroll taxes and benefits	77,929	45,500	131,848	83,586	76,155	5,687	65,247	-	485,952	13,671	73,776	573,399	503,286	
Contract labor	18,577	11,721	75,657	65,384	1,901	140	101,527	1,750	276,657	51,495	84,095	412,247	195,162	
Dues and subscriptions	2,138	2,849	3,025	6,712	16,128	22	1,098	-	31,972	3,609	114,835	150,416	115,402	
Occupancy	15,317	8,943	25,926	16,447	15,236	1,118	12,852	-	95,839	13,100	14,466	123,405	120,425	
Legal services	136	-	1,552	43,426	32,045	-	-	-	77,159	11,326	-	88,485	34,977	
Publications and media	1,202	171	22,769	9,959	-	-	32,858	-	66,959	732	12,300	79,991	68,063	
Travel	9,121	5,456	27,424	8,535	2,399	61	1,294	-	54,290	6,685	5,887	66,862	42,008	
Office expense	7,794	3,262	10,164	6,428	6,062	308	7,247	-	41,265	6,747	5,948	53,960	52,067	
Insurance	5,878	3,543	10,073	6,184	5,767	445	4,586	-	36,476	5,767	6,392	48,635	68,198	
Telephone	5,086	3,000	8,640	5,460	4,973	371	4,373	-	31,903	4,184	4,969	41,056	36,075	
Grazing permit buy-out	-	-	40,000	-	-	-	-	-	40,000	-	-	40,000	10,000	
Postage	173	68	470	1,252	667	2	48	7,007	9,687	3,668	24,029	37,384	21,423	
Printing	1,279	122	203	130	117	16	103	-	1,970	191	32,153	34,314	25,596	
Staff development and training	1,781	6,418	4,205	1,495	6,100	93	1,195	-	21,287	5,071	2,355	28,713	5,660	
Fees	2,374	1,379	4,120	2,763	2,272	171	1,924	-	15,003	3,232	2,451	20,686	19,417	
Website development	-	-	-	-	-	-	14,990	-	14,990	-	-	14,990	15,918	
Accounting services	1,760	1,061	3,017	1,852	1,727	133	1,373	-	10,923	1,727	1,914	14,564	16,469	
In-kind legal/accounting services	-	-	-	-	-	-	-	-	-	12,101	-	12,101	2,000	
Mapping and surveying	-	-	5,015	-	-	-	-	-	5,015	2,975	-	7,990	11,257	
Events	-	-	-	-	-	-	154	-	154	-	5,334	5,488	17,353	
In-kind advertising expense	-	-	-	-	-	-	-	-	-	4,431	-	4,431	9,279	
Equipment leases	513	301	870	550	502	38	428	-	3,202	419	492	4,113	25,093	
Supplies	200	-	-	-	-	-	-	-	200	-	-	200	12,462	
In-kind goods for auction	-	-	-	-	-	-	-	-	-	-	-	-	1,771	
All other	8,018	291	4,776	623	474	37	377	11,067	25,663	(18,089)	653	8,227	19,192	
Total expenses before depreciation	456,389	266,656	880,097	578,258	461,590	30,210	499,823	19,824	3,192,847	395,670	670,979	4,259,496	3,571,878	
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total expenses	\$ 456,389	266,656	880,097	578,258	461,590	30,210	499,823	19,824	3,192,847	395,670	670,979	4,259,496	3,571,878	

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

WILDEARTH GUARDIANS
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2021, With Comparative Totals For 2020

	2021	2020
Cash Flows From Operating Activities		
Cash receipts from contributions, grants and contracts	\$ 3,775,693	4,570,297
Cash receipts from legal activities	51,689	125,525
Cash from special events	125,256	34,186
Cash receipts from other income	121,595	31,145
Cash paid to suppliers and employees	(4,156,544)	(3,853,265)
Cash paid for special events	(72,451)	(17,353)
Cash provided by (used for) operating activities	(154,762)	890,535
Cash Flows From Investing Activities		
Purchase of investments	(349,804)	(1,793,615)
Sale (purchase) of property & equipment	-	9,303
Cash used for investing activities	(349,804)	(1,784,312)
Cash Flows From Financing Activities		
Proceeds/(payments) from long-term debt	-	500,000
Cash provided by (used for) financing activities	-	500,000
Net decrease in Cash and Cash Equivalents	(504,566)	(393,777)
Cash and cash equivalents at beginning of year	1,171,269	1,565,046
Cash and cash equivalents at end of year	\$ 666,703	1,171,269
Cash flows from operating activities		
Change in net assets	\$ 411,954	1,006,695
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities		
Donated securities	(83,255)	(73,043)
Net (gains) losses on investments	(72,513)	(96,851)
Net (gains) losses on sale of property & equipment	-	(22,179)
Change in operating assets and liabilities		
(Increase) decrease in accounts receivable	45,386	14,850
(Increase) decrease in note receivable	29,697	-
(Increase) decrease in grants and contracts receivable	-	325,000
(Increase) decrease in legal receivable	-	51,774
(Increase) decrease in prepaid expenses	-	(6,414)
(Increase) decrease in security deposits	472	(1,305)
(Increase) decrease in assets held by others	(6,654)	(3,921)
Increase (decrease) in accounts payable	44,639	(109,745)
Forgiveness of PPP loan	(500,000)	-
Increase (decrease) in accrued payroll expenses	42,671	(127,241)
Increase (decrease) in fiscal agent	(67,159)	(67,085)
Net cash provided (used) by operating activities	\$ (154,762)	890,535
Supplementary Information		
In-kind donations	\$ 99,787	86,093
Note receivable for sale of property and equipment	\$ -	29,697

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021, With Comparative Totals for 2020

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: Protecting, connecting, and healing public lands, from national forests to national monuments; working for livestock grazing reform on public lands; moderating motorized use; and restoring and rewilding wounded landscapes.

Wildlife: Confronting cruelty to and championing coexistence with wildlife in the West. Also, preventing extinction and promoting recovery of imperiled western wildlife.

Climate and Energy: Tackling the climate crisis by challenging fossil fuel extraction and use and promoting energy democracy across the American West.

Wild Rivers: Advocating for clean, free-flowing, living rivers across the West, including America's Great River, the Rio Grande.

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 program service fees.

Fiscal Sponsorship for Forest Advocates

A "Fiscal Sponsorship" describes an arrangement between a non-profit organization (WildEarth Guardians) with 501(c)(3) tax-exempt status and a project, often a new charitable effort, conducted by an organization, group, or an individual that does not have 501(c)(3) status. Fiscal sponsorship permits the exempt sponsor to accept funds restricted for the sponsored project on the project's behalf. The sponsor, in turn, accepts the responsibility to ensure the funds are properly spent to achieve the project's goals. Normally, the project will be short-term, or the sponsored group is seeking tax-exempt status.

Grants/donations are given to WildEarth Guardians (the sponsor) who acts as a custodian of the funds for an organization that does not have its 501(c)(3) status yet. The sponsor must use funds received for the specific charitable projects of the sponsored organization. Typically, the spending of the funds also furthers the sponsor's own tax-exempt purpose. The sponsor must retain discretion and control as to the use of the funds and must maintain records that substantiate the use of funds for appropriate 501(c)(3) purposes. The Organization follows a controlled process to take on fiscal sponsors. Beginning in FY21, WildEarth Guardians became the fiscal sponsor for Forest Advocates.

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021, With Comparative Totals for 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

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.

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors. See Net Assets Without Donor Restrictions, Board Designated note 10.

Net assets with donor restrictions – temporary in nature: Net assets with temporary donor restrictions are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. See Net Assets with Donor Restrictions note 11.

Net assets with donor restrictions – perpetual in nature: Net assets with perpetual donor restrictions resulting from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of the Organization. See Net Assets with Donor Restrictions note 11.

Cash, Restricted Cash, and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash, restricted cash and cash equivalents includes money market funds and interest-bearing instruments with maturities at the date of purchase of three months or less. Cash held for investment purposes is included as investments. The Organization maintains deposits in financial institutions that may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits. In addition, restricted cash shown in non-current assets is also included in the statement of cash flows.

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021, With Comparative Totals for 2020

Grants, Contracts and Accounts Receivables

Grants, contracts and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the collection of the receivables. Receivables are charged off in the period in which the management determines the receivable is uncollectible. As of December 31, 2021, and 2020, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

Property, Equipment, and Depreciation

Property and equipment are stated at cost or estimated fair value at date of donation. Depreciation of property and equipment is provided over the estimated useful lives (see table below) of the respective assets using the straight-line method. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized. The current policy is to capitalize acquisitions with a cost in excess of \$5,000, with an estimated life of greater than one year.

Useful lives are as follows:

<u>Classification</u>	<u>Depreciable Life (in years)</u>
Vehicles	5
Office furniture and equipment	3-5

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with U.S. 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.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt, if applicable, is the carrying value due to the adjustable market rate of interest.

In-Kind Donations

The Organization has received stock donations, in-kind advertising services, in-kind goods for auction, in-kind legal services and in-kind accounting services for the years ended December 31, 2021 and 2020. Such amounts, which are based upon information provided by third-party providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statement of activities and statement of functional expenses. See note 13 for in-kind donations.

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021, With Comparative Totals for 2020

Income Taxes

WildEarth Guardians has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). The Organization files its Federal Form 990 tax returns in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. The Organization is generally no longer subject to examination by the Internal Revenue Service and the New Mexico Taxation and Revenue Department for fiscal years before 2018. The Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. Management believes that they are operating within their tax-exempt purpose.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of WildEarth Guardians have been summarized on a functional basis in the statements of functional expenses. Salary and other personnel costs that are not directly coded to a programmatic activity are allocated based on time certifications and the best estimate of employees. Depreciation expenses is allocated directly to the appropriate programs benefited. Other operating costs are allocated using various allocation methodologies including allocations based on personnel, square footage, or revenue generated.

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Reclassifications

Certain prior year amounts may have been reclassified to conform to the current year presentation.

Subsequent Events

Management has evaluated subsequent events through March 21, 2022, the date the financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY

WildEarth Guardians regularly monitor liquidity to meet cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. Because a donor's restriction required resources to be used in a particular manner or in a future period, WildEarth Guardians must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of WildEarth Guardians' liquidity management, it has a policy to structure its financial assets to be available as its

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021, With Comparative Totals for 2020

general expenditures, liabilities, and other obligations come due. In addition, WildEarth Guardians can invest cash in excess of daily requirements in short-term investments.

Liquidity is as follows:

Description	2021	2020
Cash and cash equivalents	\$ 246,584	335,107
Accounts receivable	-	45,386
Estimate of distributions from beneficial interests held by others	1,119	1,562
Note receivable	-	12,846
Investments	4,495,455	3,989,883
 Total financial assets	 4,743,158	 4,384,784
 Less amounts not available to be used within one year:		
Board reserve	(2,600,000)	(2,600,000)
 Financial assets available to meet general expenditures over the next twelve months	\$ 2,143,158	1,784,784

The Organization's goal is to maintain a cash reserve fund that is a minimum of 4 months of expenses (\$1,419,832) at any one time and, when averaged over 12 months of the year, a minimum of 6 months of expenses (\$2,129,749). As a part of the reserve plan, excess cash is invested in a mix of certificates of deposits, exchange traded and closed-end funds, and mutual funds. See note 4 for more information.

During 2020, the board designated \$2.6 million as a cash reserve through 2023 based on an assumption of 5% annual growth to the budget.

NOTE 4 – INVESTMENTS

Investments are comprised of certificate of deposits, cash, bank deposit program, and money market funds and are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Realized and unrealized gains and losses, as well as investment expenses are reflected within the investment return, net, in the statement of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

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At year-end, investments consisted of the following:

Description	2021			2020
	Cost Basis	Fair Value	Unrealized Appreciation (Depreciation)	Fair Value
Cash, BDP, MMFs	\$ 1,305,590	1,305,590	-	2,839,282
Certificates of deposit	2,400,000	2,398,592	(1,408)	1,150,601
Exchange-traded & closed-end funds	340,731	346,435	5,704	-
Mutual funds	448,506	444,838	(3,668)	-
Total investments held at Morgan Stanley	\$ <u>4,494,827</u>	<u>4,495,455</u>	<u>628</u>	<u>3,989,883</u>

Certificates of deposit held as of December 31, 2021 are as follows:

CUSIP	Face Value	Maturity Date	Coupon Rate
60685BLB5	\$ 250,000	1/12/2022	0.10%
78658RFK2	250,000	3/28/2022	0.05%
06428FTZ0	250,000	6/22/2022	0.05%
87164YB86	250,000	9/22/2022	0.15%
07371AUN1	250,000	1/11/2023	0.20%
45581ECW9	250,000	1/13/2023	0.30%
89388CFH6	250,000	1/13/2023	0.30%
38149MZZ9	150,000	3/22/2023	0.20%
90348JT26	250,000	3/22/2023	0.20%
06417NH48	250,000	1/8/2024	0.20%
Total	\$ <u>2,400,000</u>		

Investment activities are summarized as follows:

	2021	2020
Beginning balance	\$ 3,989,883	2,026,374
Donations of stock (sold at donation)	83,255	73,043
Deposits	349,804	1,793,615
Interest and dividends - investment and demand accounts	4,073	23,786
Unrealized gains (losses)	4,218	21,517
Realized gains (losses)	66,123	52,599
Withdrawals	-	-
Fees	(1,901)	(1,051)
Ending balance	\$ <u>4,495,455</u>	<u>3,989,883</u>

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – NOTE RECEIVABLE

In February 2020, WildEarth sold equipment to Rio Grande Return, a 501(c)(3) non-profit organization, in exchange for an interest-bearing promissory note. The balance of this note as of December 31, 2021 and December 31, 2020 was \$- and \$29,697, respectively. The note bore an interest rate of 4.0% per annum and was paid in full during 2021.

NOTE 6 – PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment consisted of the following:

<u>Description</u>	<u>2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>2021</u>
Vehicles	\$ -	-	-	-
Office furniture and equipment	29,423	-	(29,423)	-
Total	29,423	-	(29,423)	-
Less: accumulated depreciation	<u>(29,423)</u>	<u>-</u>	<u>29,423</u>	<u>-</u>
Net property and equipment	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

There was no depreciation expense for the years ended 2021 and 2020, respectively. All property and equipment related to the Restoration project was sold in exchange for a \$39,000 note receivable during 2020. The balance of this note as of December 31, 2021 and December 31, 2020 was \$- and \$29,697, respectively.

NOTE 7 – BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

In prior years, the Organization transferred funds to the Albuquerque Community Foundation, the Santa Fe Community Foundation and the New Mexico Community Foundation to establish an endowment fund. In addition, a fourth fund was established the New Mexico Community Foundation with donor restricted funds. The Organization has granted variance power to the Foundations, and the funds are subject to the Foundations' investment and spending policies which currently result in distributions to the Organization of up to 5 percent of the average value. The funds are held and invested by the Foundations for the benefit of the Organization, and the funds are reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

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Changes in these endowment assets for the years ended December 31, 2021 and December 31, 2020, are as follows:

Description	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$ 106,437	5,245	111,682	102,899	4,862	107,761
Reclassification	-	-	-	-	-	-
Balance, beginning of year, restated	106,437	5,245	111,682	102,899	4,862	107,761
Gifts and contributions	-	-	-	-	-	-
Market appreciation/ (depreciation)	7,923	450	8,373	5,535	633	6,168
Fees	(600)	-	(600)	(435)	(250)	(685)
Distributions	(1,119)	-	(1,119)	(1,562)	-	(1,562)
Balance, end of year	\$ <u>112,641</u>	<u>5,695</u>	<u>118,336</u>	<u>106,437</u>	<u>5,245</u>	<u>111,682</u>

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 settlement agreement designated the funds for the purchase water rights. 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, 2021 and 2020, the total amount held under this fiscal agency agreement was \$67,162 and \$134,333, respectively.

An amended agreement was negotiated in 2018 with relevant parties which will permit the Organization to use these funds to establish a staff position dedicated to protecting and restoring the Rio Grande. The agreement allows the Organization to draw approximately \$65,000 a year from the fund, for up to four years, to support this position. Revenue will be recognized by the Organization as the terms of the agreement are met. The first three of four withdrawals occurred during 2021, 2020 and 2019 in the amount of \$67,171, \$67,158, and \$67,104, respectively. The final withdrawal is expected to occur during 2022.

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Fiscal agent activity is as follows:

		2021	2020
Beginning Balance	\$	134,333	201,418
Interest		12	73
Withdrawal		(67,171)	(67,158)
Ending Balance	\$	67,174	134,333

NOTE 9 – LONG-TERM DEBT

WildEarth secured a Paycheck Protection Program (PPP) loan from the Small Business Administration (SBA) in the amount of \$500,000 on April 23, 2020. The loan matures on April 23, 2022 with an interest rate of 1.0% and monthly payments of \$28,138.49, beginning seven months from the date of the note. WildEarth received notice that the forgiveness application was approved and converted the loan to a government grant during the year ended December 31, 2021.

NOTE 10 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Board Designated Reserve

As described in note 3, 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, 2021 and December 31, 2020 the reserve balances were as follows:

		2021	2020
Cash reserve	\$	2,600,000	2,600,000

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WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions activity is as follows:

<u>Description</u>	<u>2020</u>	<u>Restricted Donations</u>	<u>Restrictions Released</u>	<u>2021</u>
Restricted for purpose				
Wildlife/endangered species	\$ -	224,783	(224,783)	-
Wild Rivers programs	-	83,334	(83,334)	-
Wild Places programs	124,400	513,333	(637,733)	-
Climate and energy	-	656,200	(578,255)	77,945
Gila grazing permit retirement	27,431	6,000	(33,431)	-
Legal	-	35,000	(35,000)	-
Communications	-	-	-	-
Restricted for time	550,000	-	(275,000)	275,000
Restricted in perpetuity				
Donor restricted endowment funds held at community foundations	<u>5,245</u>	<u>450</u>	<u>-</u>	<u>5,695</u>
Total	<u>\$ 707,076</u>	<u>1,519,100</u>	<u>(1,867,536)</u>	<u>358,640</u>

NOTE 12 – REVENUE RECOGNITION

In accordance with accounting principles generally accepted in the United States of America, revenue is recorded when earned rather than received. The following summarizes the revenue recognition policies for major classifications of significant revenues:

- ❖ **Contributions**—Contributions are reported when an unconditional promise to give or other asset is received (in accordance with ASC 958-605). All contributions are considered available for the Organization’s general programs unless specifically restricted by the donor. Gifts of securities are recorded at their fair market value when received. Contributions with donor-imposed restrictions spent in the same year or in later periods as contributed are shown as initially donor restricted and released to without donor restriction in the Statement of Activities as the restriction expires. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated professional services that create or enhance non-financial assets or that require specialized skills, are recorded at their fair values in the period received. Donated stocks, bonds or other securities are recorded at the fair market value on the date of the gift.

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Gifts of long-lived assets are reported as support without donor restrictions unless the donor has restricted the use of the assets for specific purposes. Long-lived assets with explicit restrictions and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service. Contributed long-lived assets are recorded at their fair market value on the date of receipt.

- ❖ **Investment Income**—Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.
- ❖ **Major Grants**—Major grant contributions are typically recorded as restricted revenue based on either a purpose (program) restriction and/or a time restriction based on when the grantor has notified or advanced funds to WildEarth Guardians.
- ❖ **Private Grants**—Private grants contributions are typically recorded as revenue with donor restrictions based on either a purpose (program) restriction and/or a time restriction based on when the grantor has notified or advanced funds to the WildEarth Guardians.
- ❖ **Contract Revenue**—WildEarth will occasionally contract with other agencies to provide services related to its mission. These contract revenues are recorded at the time the services are provided and the performance obligation is satisfied. The transaction price is established by WildEarth and the Contractor per the agreement. No allocation of the transaction price of the services is necessary. The recognition method is based on fulfillment of the obligations specified by the terms of the agreement. There was no contract revenue during the year ended December 31, 2021.

NOTE 13 – IN-KIND CONTRIBUTIONS

Contributed Services

A substantial number of volunteers have made significant contributions of their time in the furtherance of WildEarth Guardians’ activities. The value of this contributed time is not reflected in these statements as it does not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

The nonprofessional hours are as follows:

	2021	2020
Nonprofessional hours	Hours	Hours
Administrative assistance	-	2,160

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The Organization had the following in-kind donation revenues at December 31:

		2021	2020
Stock donations	\$	83,255	73,043
In-kind Google advertising		4,431	9,279
In-kind goods for auction		-	1,771
In-kind legal/accounting services		12,101	2,000
Total in-kind donations	\$	99,787	86,093

All in-kind donations were used for the Organization's operations and or programs, except the stock donations, which were immediately sold after received.

NOTE 14 – FAIR VALUE MEASUREMENTS

The Organization follows the Fair Value Measurements and Disclosures Topic of FASB ASC which requires enhanced disclosures about assets and liabilities that are measured and reported at fair value. The standard establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The Organization has investments in certificates of deposit and equities in this category.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Fair value is determined through the use of models or other valuation methodologies. The Organization has no investments in this category.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The Organization has beneficial interests in assets held by others in this category.

In certain cases, the inputs used to measure fair value may fall into different levels of the 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.

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The following table presents assets measured at fair value on a recurring basis as of December 31, 2021 and December 31, 2020:

Description	2021			2020		
	Level 1	Level 3	Total	Level 1	Level 3	Total
Cash, BDP, MMFs	\$ 1,305,590	-	1,305,590	2,839,282	-	2,839,282
Certificates of deposit	2,398,592	-	2,398,592	1,150,601	-	1,150,601
Exchange-traded & closed-end funds	346,435	-	346,435	-	-	-
Mutual funds	444,838	-	444,838	-	-	-
Beneficial interests in assets held by others	-	118,336	118,336	-	111,682	111,682
Total	\$ <u>4,495,455</u>	<u>118,336</u>	<u>4,613,791</u>	<u>3,989,883</u>	<u>111,682</u>	<u>4,101,565</u>

A reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2021 and 2020, is included in note 7.

NOTE 15 – CONTINGENT PLEDGES RECEIVABLE

Gila Bioregion

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, 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 in which the contingency is met.

NOTE 16 – CONTINGENT LIABILITY

The Organization has entered into an agreement with an unrelated third party who holds a grazing permit (the “permittee”). The purpose of the agreement is to pay the permittee to forgo the use of the grazing permit. The agreement is contingent upon several factors, including the permittee entering into a memorandum of understanding with the U.S. Forest Service. The Organization paid the permittee \$20,000 upon execution of the agreement in December 2017 and an additional \$22,000 during the year ended December 31, 2018. No payments were made during 2021, 2020, and 2019. If terms of the agreement are satisfied, the Organization will pay the permittee an additional \$63,000.

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
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NOTE 17—SPECIAL EVENTS

WildEarth Guardians holds several special events to raise funds and awareness.

During the years ended December 31, 2021 and 2020, WildEarth Guardians participated in several special events. The income and expenses of the events consist of the following:

	<u>2021</u>				<u>2020</u>
	<u>Guardians Gala</u>	<u>Howling Affair</u>	<u>All Others</u>	<u>Total</u>	<u>Total</u>
Income	\$ 102,566	18,665	4,025	125,256	34,186
In kind gifts/goods	-	-	-	-	1,771
Less: In-kind gifts/goods	-	-	-	-	(1,771)
Less: direct expenses	<u>(27,861)</u>	<u>(7,273)</u>	<u>(37,317)</u>	<u>(72,451)</u>	<u>(17,353)</u>
	<u>\$ 74,705</u>	<u>11,392</u>	<u>(33,292)</u>	<u>52,805</u>	<u>16,833</u>

NOTE 18 – COMMITMENTS AND CONTINGENCIES

During the year, the Organization also leased office space in Boise, Santa Fe, Denver, Tucson, Portland, Seattle, and Missoula. The Boise, Denver, Tucson, Portland, Seattle, and Missoula leases are on a month-to-month basis, with monthly rates ranging from \$325 to \$3,182. A 5-year lease agreement for the Santa Fe office was signed in 2019. The Portland office was closed in 2021.

Several unrelated not-for-profit organizations sublet office space in Missoula, and these sub-lease agreements are on a month-to-month basis.

Total office rent expense for the years ended December 31, 2021 and December 31, 2020 was \$117,479 and \$114,778, respectively.

The future minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2022	\$ 80,618
2023	52,450
2024	14,323
Thereafter	<u>-</u>
Total	<u>\$ 147,391</u>

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.

WILDEARTH GUARDIANS
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NOTE 19 – PENSION PLAN

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 years ended December 31, 2021 and December 31, 2020, was \$61,833 and \$56,793, respectively.

NOTE 20 – LEGAL FEES AND SETTLEMENTS

Legal fees and settlements are recorded 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 the Organization or amounts due from the Organization. Due to uncertainties related to legal settlements, all revenue related to litigation is recorded as program service revenue in the period in which the judgment is finalized. In addition, expenses related to litigation are recorded as costs when incurred or as soon as probable costs can be reasonably estimated.

NOTE 21 – LITIGATION

The Organization, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

NOTE 22 – CONCENTRATIONS OF CREDIT RISK

At December 31, 2021 and 2020, the Organization had cash assets on-hand and in several banking institutions that exceeded the coverage offered by the Federal Deposit Insurance Corporation. Uninsured cash assets at years-end were \$167,547 and \$377,191, respectively.

NOTE 23 – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021 and 2020, the Organization received approximately \$72,700 and \$73,043, respectively, in direct donations, or indirect donations by way of donor-advised funds, from board members or family members of management.

The Executive Director and some donors have engaged the Organization to restore private lands. Because WildEarth Guardians is a Section 501(c)(3) organization, it has adopted a policy meant to ensure that all work performed on private land is consistent with the goals of the organization. A written set of criteria has been agreed to and is applied by the Board. The Board must approve each project before work begins. For the year ended December 31, 2021, revenue related to this activity totaled \$-. For the year ended December 31, 2020, revenue related to this activity totaled \$26,624.

WILDEARTH GUARDIANS
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NOTE 24 – SUBSEQUENT EVENT

Subsequent to December 31, 2021, as a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the Organization's funding sources and cash flow. Other financial impacts could occur though such potential impact is unknown at this time.