



WILDEARTH GUARDIANS

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

**For the Year Ended December 31, 2022
With Comparative Totals for 2021**

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WILDEARTH GUARDIANS
For the Year Ended December 31, 2022, With Comparative Totals for 2021

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WILDEARTH GUARDIANS
As of December 31, 2022

OFFICIAL ROSTER

Board of Directors

<u>Name</u>	<u>Title</u>
Betsy Quammen	President
Gay Dillingham	Vice President
Kézha Hatier-Riess	Treasurer
Anne Butterfield	Member
CMarie Fuhrman	Member
Jim Furnish	Member
Angelina Gonzalez-Aller	Member
Sarah McMillan	Member
Dustin Martin	Member
Francine Spang-Willis	Member



Independent Auditor’s Report on the Audit of the Financial Statements

To the Board of Directors and Management 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, 2022, 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, 2022, 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.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 1, to the financial statements, the Organization has adopted the new accounting guidance ASU 2016-02, Leases (Topic 842). The Organization has elected to apply the new lease standard using the “transition method”, which allows the presentation of leases through a cumulative effect adjustment based on when the organization initially implements the standard. Therefore, right-of-use assets-operating leases and lease liabilities have been presented in the current year but are not presented in the prior year. This implementation of the

new accounting principle had no material impact on beginning net assets. Our opinion is not modified with respect to this matter.

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 for the Audit of the Financial Statements

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 Prior Year Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Hinkle + Landers, P.C.

Albuquerque, NM

August 18, 2023

WILDEARTH GUARDIANS
STATEMENT OF FINANCIAL POSITION
As of December 31, 2022, With Comparative Totals For 2021

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Current Assets			
Cash & cash equivalents		\$ 617,430	246,584
Current restricted cash (fiscal agent)	6	-	67,174
Current restricted cash for donor restrictions		23,300	352,945
Grants & pledges receivable		80,000	-
Prepaid expenses		10,000	10,000
Short-term investments, at fair value	4	<u>4,377,863</u>	<u>4,495,455</u>
Total current assets		5,108,593	5,172,158
Security deposits		7,149	7,149
Net right-of-use assets - operating leases	7	272,135	-
Beneficial interests in assets held by others	5	<u>100,556</u>	<u>118,336</u>
Total non-current assets		<u>379,840</u>	<u>125,485</u>
TOTAL ASSETS		\$ <u>5,488,433</u>	<u>5,297,643</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		\$ 42,898	58,174
Deposits held for sublessee		400	400
Accrued payroll		108,059	141,459
Funds held for others (fiscal agent)	6	-	67,174
Lease liability - operating leases	7	<u>78,156</u>	<u>-</u>
Total current liabilities		229,513	267,207
Non-current liabilities:			
Lease liability - operating leases	7	<u>202,662</u>	<u>-</u>
Total liabilities		432,175	267,207
Net Assets			
Without donor restrictions			
Undesignated		2,428,414	2,071,796
Board designated reserve	9	<u>2,600,000</u>	<u>2,600,000</u>
Total unrestricted net assets		5,028,414	4,671,796
With donor restrictions			
Restricted for purpose and time	10	23,300	352,945
Restricted for perpetuity	5	<u>4,544</u>	<u>5,695</u>
Total net assets		<u>5,056,258</u>	<u>5,030,436</u>
TOTAL LIABILITIES AND NET ASSETS		\$ <u>5,488,433</u>	<u>5,297,643</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, 2022, With Comparative Totals For 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue and other support				
Individual donations	\$ 1,140,846	1,347,500	2,488,346	1,837,610
Grants	1,787,500	-	1,787,500	2,363,000
Legal income	382,279	-	382,279	51,689
Special events, net of expenses	(37,433)	-	(37,433)	52,805
Rental income	24,810	-	24,810	25,910
Investment income, net	(303,579)	-	(303,579)	72,513
Distributions from and change in beneficial interests in assets held by others	(16,629)	(1,151)	(17,780)	6,654
Other revenue	69,977	-	69,977	69,207
In-kind contributions (stock donations)	19,626	-	19,626	83,255
Donated goods and services	17,716	-	17,716	16,532
Revenue received on behalf of sponsored organization	-	26,000	26,000	19,824
Net assets released	1,703,145	(1,703,145)	-	-
Total revenue and other support	4,788,258	(330,796)	4,457,462	4,598,999
Expense				
Program services				
Wildlife	606,681	-	606,681	456,389
Wild rivers	258,770	-	258,770	266,656
Wild places	881,969	-	881,969	880,097
Climate and energy	347,732	-	347,732	578,258
Legal	542,042	-	542,042	461,590
Lobbying	56,901	-	56,901	30,210
Communications	481,708	-	481,708	499,823
Fiscal sponsor	2,700	-	2,700	19,824
Organizing	332,585	-	332,585	-
Program Director	23,972	-	23,972	-
Supporting activities				
Management and general	348,675	-	348,675	395,670
Fundraising and events	547,905	-	547,905	598,528
Total expense	4,431,640	-	4,431,640	4,187,045
Change in net assets	356,618	(330,796)	25,822	411,954
Net assets, beginning of year	4,671,796	358,640	5,030,436	4,618,482
Net assets, end of year	\$ 5,028,414	27,844	5,056,258	5,030,436

SEE INDEPENDENT AUDITOR'S REPORT
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WILDEARTH GUARDIANS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022, With Comparative Totals For 2021

	2022							
	Program Services							
	Wildlife	Wild Rivers	Wild Places	Climate and Energy	Legal	Lobbying	Communi- cations	Fiscal Sponsor
Salaries	\$ 362,698	168,261	533,877	212,629	345,794	29,983	232,660	-
Payroll taxes and benefits	89,583	41,849	132,649	52,900	83,367	7,487	57,527	-
Contract labor	40,765	7,083	32,700	9,768	11,059	1,869	77,725	-
Travel	24,514	5,404	54,535	10,185	7,766	9,246	7,558	-
Dues and subscriptions	15,528	9,411	23,625	13,378	28,076	2,055	21,465	-
Publications and media	2,574	567	25,169	3,575	885	150	9,319	-
Events	-	-	-	-	-	-	-	-
Legal services	26,240	385	1,403	10,944	24,553	-	-	-
Office expense	9,583	3,114	13,693	7,619	5,828	809	4,832	-
Insurance	5,923	3,556	9,902	4,654	5,553	939	4,469	-
Occupancy	2,775	1,665	4,637	2,188	2,601	441	2,092	-
Telephone	4,313	2,590	7,212	3,451	4,044	684	3,254	-
Interest expense and fees	4,681	2,935	7,248	3,423	4,041	682	3,248	-
Printing	739	73	273	96	185	19	145	-
Website development	-	-	-	-	-	-	21,688	-
Staff development and training	2,701	1,972	6,936	1,911	2,681	358	2,156	-
Postage	748	305	2,123	572	3,178	78	515	-
Supplies	-	-	-	-	-	-	23,000	-
Accounting services	1,725	1,036	2,884	1,356	1,617	273	1,302	-
In-kind advertising expense	-	-	-	-	-	-	-	-
In-kind goods for auction	-	-	-	-	-	-	-	-
Equipment leases	477	287	798	375	447	76	360	-
Grazing permit buy-out	-	-	-	-	-	-	-	-
In-kind legal services	-	-	-	-	-	-	-	-
Mapping and surveying	-	-	-	-	-	-	-	-
All other	2,040	2,828	7,135	1,579	1,860	314	1,547	2,700
Total expenses before depreciation and amortization	597,607	253,321	866,799	340,603	533,535	55,463	474,862	2,700
Depreciation and amortization	9,074	5,449	15,170	7,129	8,507	1,438	6,846	-
Less: special event direct expenses	-	-	-	-	-	-	-	-
Total expenses	\$ 606,681	258,770	881,969	347,732	542,042	56,901	481,708	2,700

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, 2022, With Comparative Totals For 2021

	2022					2021	
	Program Services			Supporting Activities		Total	Total
	Organizing	Program Director	Total Program Services	Management and General	Fundraising and Events		
Salaries	\$ 211,740	-	2,097,642	182,242	334,784	2,614,668	2,387,839
Payroll taxes and benefits	52,659	-	518,021	45,523	83,181	646,725	573,399
Contract labor	8,821	15,230	205,020	27,247	16,024	248,291	412,247
Travel	13,225	3,835	136,268	4,713	15,121	156,102	66,862
Dues and subscriptions	10,214	-	123,752	12,848	14,876	151,476	150,416
Publications and media	706	-	42,945	935	35,723	79,603	79,991
Events	-	-	-	-	78,055	78,055	5,488
Legal services	-	3,905	67,430	(923)	-	66,507	88,485
Office expense	9,019	32	54,529	4,853	7,079	66,461	53,960
Insurance	4,429	-	39,425	4,145	6,201	49,771	48,635
Occupancy	9,731	-	26,130	14,894	2,904	43,928	123,405
Telephone	3,225	720	29,493	5,992	5,490	40,975	41,056
Interest expense and fees	2,619	-	28,877	6,783	4,507	40,167	20,686
Printing	199	-	1,729	121	31,849	33,699	34,314
Website development	-	-	21,688	-	10,600	32,288	14,990
Staff development and training	1,691	-	20,406	2,241	7,016	29,663	28,713
Postage	1,176	-	8,695	486	14,585	23,766	37,384
Supplies	-	-	23,000	-	-	23,000	200
Accounting services	1,290	-	11,483	4,702	1,806	17,991	14,564
In-kind advertising expense	-	-	-	-	17,716	17,716	4,431
In-kind goods for auction	-	-	-	-	5,275	5,275	-
Equipment leases	357	-	3,177	473	500	4,150	4,113
Grazing permit buy-out	-	-	-	-	-	-	40,000
In-kind legal services	-	-	-	-	-	-	12,101
Mapping and surveying	-	-	-	-	-	-	7,990
All other	1,484	250	21,737	15,622	2,423	39,782	8,227
Total expenses before depreciation and amortization	332,585	23,972	3,481,447	332,897	695,715	4,510,059	4,259,496
Depreciation and amortization	-	-	53,613	15,778	9,500	78,891	-
Less: special event direct expenses	-	-	-	-	(157,310)	(157,310)	(72,451)
Total expenses	\$ 332,585	23,972	3,535,060	348,675	547,905	4,431,640	4,187,045

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, 2022, With Comparative Totals For 2021

	2022	2021
Cash Flows From Operating Activities		
Cash receipts from contributions, grants and contracts	\$ 4,195,846	3,775,693
Cash receipts from legal activities	382,279	51,689
Cash from special events	114,602	125,256
Cash receipts from other income	103,007	121,595
Cash paid to suppliers and employees	(4,503,311)	(4,156,544)
Cash paid for special events	(152,035)	(72,451)
Cash provided by (used for) operating activities	140,388	(154,762)
 Cash Flows From Investing Activities		
Purchase of investments	(166,361)	(349,804)
Sale (purchase) of property & equipment	-	-
Cash used for investing activities	(166,361)	(349,804)
 Net decrease in Cash and Cash Equivalents	(25,973)	(504,566)
 Cash and cash equivalents at beginning of year	666,703	1,171,269
Cash and cash equivalents at end of year	\$ 640,730	666,703
 Cash flows from operating activities		
Change in net assets	\$ 25,822	411,954
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities		
Donated securities	(19,626)	(83,255)
Net (gains) losses on investments	303,579	(72,513)
Depreciation and amortization expense	78,891	-
Lease liability payments and adjustments	(70,208)	-
 Change in operating assets and liabilities		
(Increase) decrease in accounts receivable	-	45,386
(Increase) decrease in note receivable	-	29,697
(Increase) decrease in grants and contracts receivable	(80,000)	-
(Increase) decrease in security deposits	-	472
(Increase) decrease in assets held by others	17,780	(6,654)
Increase (decrease) in accounts payable	(15,276)	44,639
Forgiveness of PPP loan	-	(500,000)
Increase (decrease) in accrued payroll expenses	(33,400)	42,671
Increase (decrease) in fiscal agent	(67,174)	(67,159)
Net cash provided (used) by operating activities	\$ 140,388	(154,762)
 Supplementary Information		
In-kind donations	\$ 42,617	99,787

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, 2022, With Comparative Totals for 2021

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:

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

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

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.

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

Legal: Legal advocacy to challenge legal issues that endanger public lands, wildlife, rivers, and climate crisis matters.

Lobbying: Political advocacy that can drive durable transformation.

Communications: Communications on the transcendent power of stories to connect, unify and reflect our responsibility to justice.

Organizing: Building networks of volunteers, activists, community leaders, and impacted constituency groups across the American West.

Program Director: Directly supporting the priority campaigns and initiatives to protect the wildlife, wild places, wild rivers, and climate of the American West.

WildEarth Guardians' significant outreach activities include three newsletters, an annual report, various events designed to engage the community in our conservation programs, and an

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022, With Comparative Totals for 2021

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.

FASB ASC 842 - Leases

The Organization has adopted the new accounting guidance ASU 2016-02, Leases (Topic 842) for the year ended December 31, 2022. WildEarth has elected to apply the new lease standard using the “transition method,” which allows the presentation of leases through a cumulative effect adjustment based on when the organization initially implements the standard. Therefore, right-of-use assets-operating leases and lease liabilities have been presented in the current year but are not presented in the prior year. The implementation of the new accounting principle had no material impact on beginning net assets.

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.

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022, With Comparative Totals for 2021

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 9.

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 10.

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 10.

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, 2022, With Comparative Totals for 2021

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, 2022, and 2021, 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.

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. Estimates that are particularly susceptible to significant changes in the near term that could have a material effect on the financial statements include estimated useful lives of property and equipment, right-of-use assets, lease liabilities, valuation of in-kind donations, right-of-use assets, lease liabilities and the expenses allocation by function. 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 lease liabilities and right-of-use assets are based on calculation of present value and other input variables.

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, 2022 and 2021. Such amounts, which are based upon information provided by third-party

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2022, With Comparative Totals for 2021

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 12 for in-kind donations.

Income Taxes

WildEarth Guardians is a not-for profit organization this is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision has been made for income taxes.

The Organization files their Federal Form 990 tax return in the U.S. federal jurisdiction and the online charitable registration in the Office of the Attorney General for the State of New Mexico. Management believes that they are operating within their tax-exempt purpose.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more services provided by the organization. Expenses and support services that can be identified with a specific service are charged directly to a program according to the natural expenditure classification. Direct costs are recorded to the functional classification the expense relates to. All other expenses require allocation on a reasonable basis that is consistently applied.

These expenses are allocated among the services on the following basis:

<u>Type of Expenses</u>	<u>Basis *</u>
Salaries, wages and related payroll expenses	A
Telephone, supplies, postage	A
Program, direct assistance, training, printing, travel	B
Occupany, advertising, utilities, insurance, repairs and maintenance	C
Equipment, lease interest, lease amortization, depreciation	C
Other	C

* Legend for Basis of Allocation of Expenses

- A. Time and effort
- B. Direct to program
- C. Appropriate allocation

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The functional expense allocation ratios for the years ended December 31 are as follows:

Expense Allocation	2022	2021
Program services	80%	77%
Management & general	8%	9%
Fundraising	12%	14%
	100%	100%

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, 2021, 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

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. The Organization has evaluated subsequent events through August 18, 2023, which is the date the financial statements were available to be issued.

NOTE 3 — LIQUIDITY AND AVAILABILITY

WildEarth Guardians regularly monitors 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

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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 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:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 617,430	246,584
Grants and pledges receivable	80,000	-
Estimate of distributions from beneficial interests held by others	1,816	1,119
Investments	<u>4,377,863</u>	<u>4,495,455</u>
Total financial assets	5,077,109	4,743,158
Less amounts not available to be used within one year:		
Board reserve	<u>(2,600,000)</u>	<u>(2,600,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,477,109</u>	<u>2,143,158</u>

The Organization's goal is to maintain a cash reserve fund that is a minimum of 4 months of expenses (\$1,528,508) at any one time and, when averaged over 12 months of the year, a minimum of 6 months of expenses (\$2,292,763). 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

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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.

At year-end, investments consisted of the following:

Description	2022		Unrealized Appreciation (Depreciation)	2021
	Cost Basis	Fair Value		Fair Value
Cash, BDP, MMFs	\$ 787,373	787,373	-	1,305,590
Savings and time deposits	424,440	424,440	-	-
Exchange-traded & closed-end funds	641,301	569,338	(71,963)	346,435
Certificates of deposit	2,050,000	2,035,074	(14,926)	2,398,592
Mutual funds	558,291	559,652	1,361	444,838
Net unsettled purchases/sales	1,986	1,986	-	-
Total investments held at Morgan Stanley	<u>\$ 4,463,391</u>	<u>4,377,863</u>	<u>(85,528)</u>	<u>4,495,455</u>

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Certificates of deposit held as of December 31, 2022 are as follows:

<u>CUSIP</u>	<u>Face Value</u>	<u>Maturity Date</u>	<u>Coupon Rate</u>
45581ECW9	\$ 250,000	1/13/2023	0.30%
89388CFH6	250,000	1/13/2023	0.30%
73319FBQ1	150,000	1/27/2023	0.25%
433323EZ1	250,000	1/31/2023	0.30%
38149MZZ9	150,000	3/22/2023	0.20%
90348JT26	250,000	3/22/2023	0.20%
89788HCB7	250,000	6/23/2023	4.55%
33616CLW8	250,000	7/3/2023	4.45%
06417NH48	250,000	1/8/2024	0.20%
Total	\$ <u>2,050,000</u>		

Investment activities are summarized as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 4,495,455	3,989,883
Donations of stock (sold at donation)	19,626	83,255
Deposits	166,361	349,804
Interest and dividends - investment and demand accounts	31,717	4,073
Unrealized gains (losses)	(194,241)	4,218
Realized gains (losses)	(131,750)	66,123
Withdrawals	-	-
Fees	<u>(9,305)</u>	<u>(1,901)</u>
Ending balance	\$ <u>4,377,863</u>	<u>4,495,455</u>

NOTE 5 — 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 at 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

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changes in fair value recognized in the statement of activities. During 2022, the funds without donor restriction held at Albuquerque Community Foundation and New Mexico Community Foundation were transferred to the Santa Fe Community Foundation.

Changes in these endowment assets for the years ended December 31 are as follows:

Description	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$ 112,641	5,695	118,336	106,437	5,245	111,682
Gifts and contributions	-	-	-	-	-	-
Market appreciation/ (depreciation)	(13,837)	(901)	(14,738)	7,923	450	8,373
Fees	(976)	(250)	(1,226)	(600)	-	(600)
Distributions	(1,816)	-	(1,816)	(1,119)	-	(1,119)
Balance, end of year	\$ <u>96,012</u>	<u>4,544</u>	<u>100,556</u>	<u>112,641</u>	<u>5,695</u>	<u>118,336</u>

NOTE 6 — 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 of 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, 2022 and 2021, the total amount held under this fiscal agency agreement was \$0 and \$67,174, respectively.

An amended agreement was negotiated in 2018 with relevant parties which permitted the Organization to use these funds to establish a staff position dedicated to protecting and restoring the Rio Grande. The agreement allowed the Organization to draw approximately \$65,000 a year from the fund, for up to four years, to support this position. Revenue was recognized by the Organization as the terms of the agreement were met. The withdrawals occurred during 2022, 2021, 2020 and 2019 in the amount of \$67,174, \$67,171, \$67,158, and \$67,104, respectively. The final withdrawal occurred during 2022 and the related cash account was closed.

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Fiscal agent activity is as follows:

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 67,174	134,333
Interest	-	12
Withdrawal	<u>(67,174)</u>	<u>(67,171)</u>
Ending Balance	<u>\$ -</u>	<u>67,174</u>

NOTE 7 — LEASES

Right-of-Use Leased Assets and Amortization

The major classes of right-of-use assets and accumulated amortization related to operating leases are as follows as of December 31:

<u>Right-of-Use Assets - Operating Leases</u>	<u>2021</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>2022</u>
Office space	\$ -	94,986	386,886	-	481,872
Total right-of-use assets - operating leases	-	94,986	386,886	-	481,872
Less accumulated amortization					
Office space	-	(78,891)	(130,846)	-	(209,737)
Net right-of-use assets - operating leases	<u>\$ -</u>	<u>16,095</u>	<u>256,040</u>	<u>-</u>	<u>272,135</u>

Lease amortization expense was \$78,891 for the year ended December 31, 2022.

Lease Liabilities

The Organization is entered into the following leases as a lessee:

<u>Lease Liabilities - Operating Leases</u>	<u>2021</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>2022</u>
Office space	\$ -	94,986	267,864	(82,032)	280,818
Total lease liabilities - operating leases	<u>\$ -</u>	<u>94,986</u>	<u>267,864</u>	<u>(82,032)</u>	<u>280,818</u>

During the year, the Organization did not recognize any variable payment amounts.

Information associated with the measurement of the Organization's lease obligations as of December 31, 2022 is as follows:

Weighted-average remaining lease term	3.75 years
Weighted-average discount rate	2.74%

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The Organization leases office space for its seven locations in the Western United States under operating leases. One lease commitment runs through 2023, one through 2025, and one through 2027. The remaining lease agreement can be renewed yearly.

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

Future Minimum Lease Obligations

The future minimum obligations of these payments minimum lease payments as of December 31, 2022 were as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2023	\$ 78,156	6,524	84,680
2024	71,824	5,371	77,195
2025	67,046	2,838	69,884
2026	44,608	1,194	45,802
2027	19,184	96	19,280
2028-2032	-	-	-
2033-2037	-	-	-
Total	\$ <u>280,818</u>	<u>16,023</u>	<u>296,841</u>

NOTE 8 — 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. 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 9 — 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.

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As of December 31, the reserve balances were as follows:

	<u>2022</u>	<u>2021</u>
Cash reserve \$	<u>2,600,000</u>	<u>2,600,000</u>

NOTE 10 — NET ASSETS WITH DONOR RESTRICTIONS

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

Description	2021	Restricted Donations	Restrictions Released	2022
Restricted for purpose				
Wildlife/endangered species \$	-	266,333	(266,333)	-
Wild Rivers programs	-	83,334	(83,334)	-
Wild Places programs	-	609,833	(609,833)	-
Climate and energy	77,945	258,000	(335,945)	-
Gila grazing permit retirement	-	-	-	-
Legal	-	130,000	(130,000)	-
Communications	-	-	-	-
Fiscal sponsorship	-	26,000	(2,700)	23,300
Restricted for time	275,000	-	(275,000)	-
Restricted in perpetuity				
Donor restricted endowment funds held at community foundations	<u>5,695</u>	<u>(1,151)</u>	<u>-</u>	<u>4,544</u>
Total	<u>\$ 358,640</u>	<u>1,372,349</u>	<u>(1,703,145)</u>	<u>27,844</u>

NOTE 11 — 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

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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.

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 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

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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, 2022.

NOTE 12 — 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:

<u>Nonprofessional hours</u>	<u>2022</u> Hours	<u>2021</u> Hours
Administrative assistance	-	2,160

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

<u>Donated Goods and Services</u>	<u>2022</u>	<u>2021</u>	<u>Usage in</u> <u>Programs/Activities</u>	<u>Donor</u> <u>Restriction</u>	<u>Fair Value</u> <u>Technique*</u>
			Sold upon donation to		
Stock donations	\$ 19,626	83,255	support general activities	None	1
In-kind Google advertising	17,716	4,431	Advertising	None	1
In-kind goods for auction	5,275	-	Special event - Gala	Special event	1
In-kind legal/accounting services	-	12,101	Legal/accounting support	None	1
Total	\$ 42,617	99,787			

* Legend for Fair Value Techniques

1. Estimated based on current prices for identical or similar products

NOTE 13 — 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

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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. Beneficial interest in assets held by third party fair value is based on inputs derived principally from or corroborated by observable market data by correlation or other means. The Organization has beneficial interests in assets held by others 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.

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.

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

Description	2022			2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash, BDP, MMFs	\$ 787,373	-	787,373	1,305,590	-	1,305,590
Savings and time deposits	424,440	-	424,440	-	-	-
Exchange-traded & closed-end funds	569,338	-	569,338	346,435	-	346,435
Certificates of deposit	2,035,074	-	2,035,074	2,398,592	-	2,398,592
Mutual funds	559,652	-	559,652	444,838	-	444,838
Net unsettled purchases/sales	1,986	-	1,986	-	-	-
Beneficial interests in assets held by others	-	100,556	100,556	-	118,336	118,336
Total	\$ 4,377,863	100,556	4,478,419	4,495,455	118,336	4,613,791

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A reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 2) for the years ended December 31, 2022 and 2021, is included in Note 5.

NOTE 14 — 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 15 — 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 2022, 2021, 2020, and 2019. If terms of the agreement are satisfied, the Organization will pay the permittee an additional \$63,000.

NOTE 16 — SPECIAL EVENTS

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

During the years ended December 31, 2022 and 2021, WildEarth Guardians participated in several special events. The income and expenses of the events consist of the following:

	<u>2022</u>			<u>2021</u>	
	<u>Guardians Gala</u>	<u>Howling Affair</u>	<u>All Others</u>	<u>Total</u>	<u>Total</u>
Income	\$ 114,602	-	-	114,602	125,256
In kind gifts/goods	5,275	-	-	5,275	-
Less: In-kind gifts/goods	(5,275)	-	-	(5,275)	-
Less: direct expenses	(100,270)	(23,013)	(28,752)	(152,035)	(72,451)
	<u>\$ 14,332</u>	<u>(23,013)</u>	<u>(28,752)</u>	<u>(37,433)</u>	<u>52,805</u>

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NOTE 17 — COMMITMENTS AND CONTINGENCIES

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 18 — 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, 2022 and December 31, 2021, was \$67,646 and \$61,833, respectively.

NOTE 19 — 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 20 — 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 21 — CONCENTRATIONS OF CREDIT RISK

At December 31, 2022 and 2021, 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 \$158,579 and \$167,547, respectively.

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NOTE 22 — RELATED PARTY TRANSACTIONS

During the years ended December 31, 2022 and 2021, the Organization received approximately \$54,000 and \$72,700, respectively, in direct donations, or indirect donations by way of donor-advised funds, from board members or family members of management.