

**WILDEARTH GUARDIANS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**WILDEARTH GUARDIANS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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April 26, 2018

Independent Auditors' Report

Board of Directors  
WildEarth Guardians  
Santa Fe, New Mexico

We have audited the accompanying financial statements of **WildEarth Guardians**, (a New Mexico nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WildEarth Guardians as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited WildEarth Guardians' financial statements for the year ended December 31, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**WILDEARTH GUARDIANS**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u> <u>(restated)</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 1,187,836	\$ 716,576
Cash and cash equivalents - fiscal agent	268,015	267,748
Cash and cash equivalents - temporarily restricted	161,202	213,467
Accounts receivable	299,027	76,002
Grants and pledges receivable - temporarily restricted	20,000	40,000
Donated lease receivable - temporarily restricted	-	30,349
Prepaid expenses	65,732	51,730
Investments (Note 3)	752,692	1,088,532
Property and equipment, net (Note 4)	34,757	1,675
Beneficial interests in assets held by others - permanently restricted (Note 5)	112,046	112,888
Total assets	<u>\$ 2,901,307</u>	<u>\$ 2,598,967</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 53,816	\$ 33,243
Accrued payroll expenses	86,644	51,308
Fiscal agent (Note 6)	268,015	267,748
Total liabilities	<u>408,475</u>	<u>352,299</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Operating	339,151	655,947
Net investment in property and equipment	34,757	1,675
Board-designated reserve (Note 7)	1,825,676	1,192,342
Temporarily restricted (Note 8)	181,202	283,816
Permanently restricted (Notes 5 and 9)	112,046	112,888
Total net assets	<u>2,492,832</u>	<u>2,246,668</u>
Total liabilities and net assets	<u>\$ 2,901,307</u>	<u>\$ 2,598,967</u>

The accompanying notes are an integral part of these financial statements

**WILDEARTH GUARDIANS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017			2016 (restated)	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<b>Revenue and other support</b>					
Individual donations	\$1,780,994	\$ 203,106	\$ -	\$1,984,100	\$ 1,214,592
Grants	181,152	740,500	-	921,652	1,324,216
Program service fees	470,985	-	-	470,985	468,600
Government grants and contracts	428,690	-	-	428,690	486,954
Special events	195,662	-	-	195,662	182,314
Less: direct benefit to donors	(112,877)	-	-	(112,877)	(95,342)
Rental income	16,997	-	-	16,997	15,911
Investment income (Note 3)	10,246	-	-	10,246	2,560
Distributions from and change in beneficial interests in assets held by others (Note 5)	-	-	(842)	(842)	(12,704)
Other revenue	840	-	-	840	26,553
In-kind contributions (Note 10)	107,157	-	-	107,157	120,800
Net assets released from restrictions (Note 11)	1,046,220	(1,046,220)	-	-	-
<b>Total revenue and other support</b>	<b>4,126,066</b>	<b>(102,614)</b>	<b>(842)</b>	<b>4,022,610</b>	<b>3,734,454</b>
<b>Expense</b>					
Program services	3,142,549	-	-	3,142,549	2,978,914
Supporting services					
Management and general	271,787	-	-	271,787	171,843
Fund-raising	362,110	-	-	362,110	266,374
<b>Total expense</b>	<b>3,776,446</b>	<b>-</b>	<b>-</b>	<b>3,776,446</b>	<b>3,417,131</b>
<b>Change in net assets</b>	<b>349,620</b>	<b>(102,614)</b>	<b>(842)</b>	<b>246,164</b>	<b>317,323</b>
Net assets, beginning of year, as originally stated	1,849,964	283,816	200,743	2,334,523	2,040,086
Prior period adjustment (Note 12)	-	-	(87,855)	(87,855)	(110,741)
Net assets, beginning of year, restated	1,849,964	283,816	112,888	2,246,668	1,929,345
<b>Net assets, end of year</b>	<b>\$2,199,584</b>	<b>\$ 181,202</b>	<b>\$ 112,046</b>	<b>\$2,492,832</b>	<b>\$ 2,246,668</b>

The accompanying notes are an integral part of these financial statements

**WILDEARTH GUARDIANS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017											2016 (restated)		
	Program Services									Supporting Services			Total	Total
	Restoration	Wild Places	Publications and Outreach	Wildlife	Climate and Energy	Legal	Events	Wild Rivers	Lobbying	Total Program Services	Management and General	Fund-raising		
Salaries	\$ 360,795	\$ 323,590	\$ 125,543	\$ 254,026	\$ 264,529	\$ 187,681	\$ 80,427	\$ 64,539	\$ -	\$ 1,661,130	\$ 139,570	\$ 162,242	\$ 1,962,942	\$ 1,660,854
Payroll taxes and benefits	55,063	72,136	28,567	57,786	58,700	42,394	18,264	14,611	-	347,521	27,489	35,872	410,882	367,238
Contract labor	172,354	10,816	15,194	16,659	12,821	16,787	877	1,560	-	247,068	1,323	6,589	254,980	313,212
Publications and media	165	2,362	152,641	2,807	602	401	134	6,535	-	165,647	52	21,463	187,162	149,063
Travel	40,166	19,903	7,702	31,554	15,289	17,657	330	8,641	1,529	142,771	311	10,108	153,190	108,953
Dues and subscriptions	230	2,960	69,680	2,056	3,475	7,976	187	1,627	-	88,191	281	57,817	146,289	15,444
Occupancy	5,604	18,022	7,139	14,440	14,665	10,592	4,563	3,651	-	78,676	45,213	8,963	132,852	121,753
Office expense	6,336	10,676	4,192	9,667	9,324	6,362	2,680	2,171	-	51,408	15,789	5,500	72,697	32,490
Website development	-	16	61,849	48	40	-	-	-	-	61,953	-	-	61,953	197,575
Staff development and training	2,480	9,097	5,313	11,309	7,057	7,825	2,018	1,691	-	46,790	3,241	8,657	58,688	51,797
Legal services	-	-	-	735	82	44,302	-	-	-	45,119	-	-	45,119	60,335
Insurance	10,951	5,410	2,455	4,061	4,125	2,980	1,284	1,363	-	32,629	1,935	2,521	37,085	29,819
Equipment leases	30,617	666	264	533	542	391	169	135	-	33,317	254	331	33,902	75,306
Telephone	1,872	6,737	2,383	4,820	4,897	3,536	1,523	1,219	-	26,987	2,296	2,992	32,275	29,859
Postage	299	839	4,304	855	3,039	757	187	157	-	10,437	441	19,872	30,750	31,005
Fees	2,572	3,434	1,277	3,421	2,574	9,919	939	748	100	24,984	2,454	1,971	29,409	25,363
Printing	155	671	154	1,041	1,495	370	354	400	-	4,640	148	17,109	21,897	37,200
Supplies	17,036	749	-	2,154	344	-	-	180	-	20,463	-	-	20,463	38,961
Grazing permit buy-out	-	20,008	-	-	-	-	-	-	-	20,008	-	-	20,008	-
All other	7,558	9,347	282	908	4,113	122	53	1,459	-	23,842	30,990	103	54,935	69,895
	714,253	517,439	488,939	418,880	407,713	360,052	113,989	110,687	1,629	3,133,581	271,787	362,110	3,767,478	3,416,122
Depreciation	8,968	-	-	-	-	-	-	-	-	8,968	-	-	8,968	1,009
<b>Total expenses</b>	<b>\$ 723,221</b>	<b>\$ 517,439</b>	<b>\$ 488,939</b>	<b>\$ 418,880</b>	<b>\$ 407,713</b>	<b>\$ 360,052</b>	<b>\$ 113,989</b>	<b>\$ 110,687</b>	<b>\$ 1,629</b>	<b>\$ 3,142,549</b>	<b>\$ 271,787</b>	<b>\$ 362,110</b>	<b>\$ 3,776,446</b>	<b>\$ 3,417,131</b>

The accompanying notes are an integral part of these financial statements

**WILDEARTH GUARDIANS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017	2016 (restated)
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 246,164	\$ 317,323
Adjustment to reconcile change in net assets to net cash provided(used) by operating activities		
Change in donated lease receivable	30,349	34,998
Net (gains)losses on investments	(2,668)	(1,341)
Donated securities	(76,361)	(297,669)
Depreciation expense	8,968	1,009
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	(223,025)	48,995
(Increase)decrease in grants and contracts receivable	20,000	(40,000)
(Increase)decrease in prepaid expenses	(14,002)	(33,077)
(Increase)decrease in assets held by others	842	12,704
Increase(decrease) in accounts payable	20,573	(78,304)
Increase(decrease) in accrued payroll expenses	35,336	12,179
Increase(decrease) in fiscal agent	267	268
Net cash provided(used) by operating activities	46,443	(22,915)
<u>Cash flows from investing activities</u>		
(Purchases) of property and equipment	(42,050)	-
(Purchases) of investments	(559,189)	(797,187)
Proceeds from sales of investments	974,058	936,901
Net cash provided(used) by investing activities	372,819	139,714
<u>Cash flows from financing activities</u>		
(Repayments) on capital lease	-	(763)
Net change in cash	419,262	116,036
Cash and cash equivalents, beginning of year	1,197,791	1,081,755
Cash and cash equivalents, end of year	\$ 1,617,053	\$ 1,197,791

The accompanying notes are an integral part of these financial statements



**WILDEARTH GUARDIANS**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 1 - NATURE OF ACTIVITIES

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

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

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

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

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

3. Restricted and Unrestricted Revenue

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

4. Cash and Cash Equivalents

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

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

5. Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollected amounts through a provision for bad debt expense. No provision was deemed necessary at December 31, 2016.

6. Promises to Give

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

7. Capitalization and Depreciation

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

8. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

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

9. Estimates

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

10. Fair Value Measurements

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

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

11. Income Taxes

WildEarth Guardians has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). In accordance with the provisions associated with accounting for uncertainty in income taxes, management has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Additionally, management believes that no accruals for tax liabilities related to uncertain income tax positions are required.

12. Functional Reporting of Expenses

For the year ended December 31, 2017, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

13. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

14. Reclassifications

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

15. Subsequent Events

Management has evaluated subsequent events through April 26, 2018, the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

At year-end, investments consisted of the following:

<u>Description</u>	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Certificates of deposit	\$ 750,000	\$ 752,493	\$ 2,493
Equities	199	199	-
Total	<u>\$ 750,199</u>	<u>\$ 752,692</u>	<u>\$ 2,493</u>

NOTE 3 - INVESTMENTS (continued)

Investment returns are summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividends - investment and demand accounts	\$ 8,678
Unrealized gains(losses)	2,650
Realized gains(losses)	18
Fees	<u>(1,100)</u>
Total	<u>\$ 10,246</u>

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.

The following table presents assets measured at fair value on a recurring basis as of December 31, 2017:

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 752,493	\$ 752,493	\$ -	\$ -
Beneficial interests in assets held by others	112,046	-	-	112,046
Equities	<u>199</u>	<u>199</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 864,738</u>	<u>\$ 752,692</u>	<u>\$ -</u>	<u>\$ 112,046</u>

NOTE 3 - INVESTMENTS (concluded)

The following is 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 year ended December 31, 2017:

<u>Description</u>	<u>Amount</u>
Balance at December 31, 2016, as originally stated	\$ 200,743
Prior period adjustment (Note 12)	<u>(87,855)</u>
Balance at December 31, 2016, restated	112,888
Purchases/contributions of investments	-
Investment return, net	5,129
Distributions	<u>(5,971)</u>
Balance at December 31, 2017	<u><u>\$ 112,046</u></u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Description</u>	<u>Amount</u>
Vehicles	\$ 73,546
Office furniture and equipment	29,423
River restoration equipment	<u>8,841</u>
Total	111,810
Less: accumulated depreciation	<u>(77,053)</u>
Net property and equipment	<u><u>\$ 34,757</u></u>

Depreciation expense for the year was \$8,968.

NOTE 5 - BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

The Organization transferred its own unrestricted funds to three different community foundations, including the Albuquerque Community Foundation, the Santa Fe Community Foundation and the New Mexico Community Foundation, to establish endowed 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 community 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.

NOTE 5 - BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS (concluded)

Changes in these endowment assets for the year ended December 31, 2017, are as follows:

<u>Description</u>	<u>Endowment Net Assets</u>
Balance, beginning of year	\$ 200,743
Prior period adjustment (Note 12)	<u>(87,855)</u>
Balance, beginning of year, restated	<u>112,888</u>
Gifts and contributions	-
Share of appreciation	5,129
Distributions	<u>(5,971)</u>
Ending balance	<u>\$ 112,046</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 funds held in escrow are to be used to purchase water rights. If the funds are not used, they may be returned to the contributing parties. The Organization is the fiscal agent of the funds. The original escrow agreement was for the period of January 18, 2007 to 2012, and during 2012, the parties negotiated an extension for an additional 5 years. As of April 26, 2018, the agreement is being negotiated. Changes in the balance of these funds held for others includes interest earned on the original contributions, and as of December 31, 2017, the total amount held under this fiscal agency agreement was \$268,015 .

NOTE 7 - BOARD-DESIGNATED RESERVE

It is the policy of the Board of Directors that the Organization work towards building a cash reserve fund that is a minimum of 4 months of expenses at any one time and when averaged over the 12 months of the year, a minimum average of 6 months of expenses. As of December 31, 2017, the reserve goal was \$1,825,676.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

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

<u>Description</u>	<u>Amount</u>
Gila Bioregion and grazing permit retirement	\$ 161,202
Future operations	<u>20,000</u>
Total	<u>\$ 181,202</u>

NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of endowment funds established at the Albuquerque Community Foundation, the New Mexico Community Foundation, and the Santa Fe Community Foundation as described in Note 6, Beneficial Interests in Assets Held by Others. The funds are to be held in perpetuity for the benefit of the Organization, with annual distributions of investment income made to the Organization based on the community foundations' investment and spending policies.

NOTE 10 - IN-KIND CONTRIBUTIONS

*Santa Fe Office*

The Organization leases office space in Santa Fe from an unrelated party for \$1 per year. A pledge to give was recorded in fiscal year 2015 for the 36-month lease term. The lease expired October 15, 2017, and currently the Organization is occupying the space on a month-to-month basis. The estimated value of the office space is \$38,336 per year.

The value of donated materials and services included in the financial statements and the corresponding expenses for the year are as follows:

<u>Description</u>	<u>Amount</u>
Google AdWords	\$ 99,170
Office rent	7,987
Total	<u>\$ 107,157</u>

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

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

NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

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

<u>Description</u>	<u>Amount</u>
Wild Places/rewilding	\$ 372,950
Wildlife/endangered species	323,500
Gila Bioregion	154,315
Climate and energy	150,000
In-kind rent	30,349
River restoration	9,106
Other	6,000
Total	<u>\$ 1,046,220</u>

NOTE 12 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded during the year to remove a fund that was established by an unrelated donor at a community foundation, for the benefit of the Organization. The determination was made that although the Organization is the beneficiary of the fund, the donor gave the community foundation variance power over the gift, and therefore, the fund is an asset of the community foundation, and not an asset of the Organization. For the year ended December 31, 2016, beneficial interests in assets held by others – permanently restricted, total assets, permanently restricted net assets, and total net assets decreased by \$87,855; distributions from and change in beneficial interest in assets held by others, total revenue, and change in net assets increased by \$22,886; and net assets, beginning of year, decreased by \$110,741.

NOTE 13 - 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 within two years, the status of which is currently uncertain. This pledge is considered a conditional promise to give, and therefore, it is not recorded in the financial statements. The pledge will be recognized as income in the period in which the contingency is met.

NOTE 14 - 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 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 if the terms of the agreement are satisfied by June 30, 2018, the Organization will pay the permittee an additional \$85,000.



## NOTE 15 - COMMITMENTS AND CONTINGENCIES

### 1. Office Leases

As discussed in Note 11, the Organization receives the use of in-kind office space for its Santa Fe location. The lease payment is \$1 per year. The lease expired on October 15, 2017, and the Organization is currently occupying the space on a month-to-month basis.

During the year, the Organization also leased office space in Denver, Tucson, Portland, Seattle, and Missoula. The Denver, Seattle, and Tucson leases are on a month-to-month basis, with monthly rates ranging from \$290 to \$1,695.

The Missoula office is leased for \$1,984 a month, and the lease expires in September 2018. Three unrelated non-profit organizations sublet office space in Missoula, and these sub-lease agreements are on a month-to-month basis. The Portland office is leased for \$1,827 per month, and the lease expires July 31, 2020.

Total office rent expense for the year ended December 31, 2017, including in-kind rent in Santa Fe and described in Note 10, was \$108,992.

The future minimum lease payments for the Portland and Missoula locations are:

<u>Year</u>	<u>Amount</u>
2018	\$ 40,010
2019	22,708
2020	13,438
Total	<u>\$ 76,156</u>

### 2. Equipment Leases

The Organization rents equipment for river restoration work on a month-to-month basis. River restoration equipment lease expense totaled \$30,410 for the year ended December 31, 2017. In addition, a lease for a copier was initiated in January 2016 for a term of 48 months. The lease is an operating lease, and future minimum payments are:

<u>Year</u>	<u>Amount</u>
2018	\$ 3,296
2019	3,296
2020	3,296
Total	<u>\$ 9,888</u>

### 3. 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 16 - 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 year ended December 31, 2017, was \$36,214.

NOTE 17 - 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 settlement 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 18 - CONCENTRATIONS OF CREDIT RISK

At December 31, 2017, the Organization had cash assets in two local banking institutions that exceeded the \$250,000 of coverage offered by the Federal Deposit Insurance Corporation. The uninsured bank balances at year-end were \$164,362 and \$18,015.

NOTE 19 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, the Organization received \$200,000 in donations from family members related to the Executive Director and approximately \$80,000 in donations from board members.