

WILDEARTH GUARDIANS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

WILDEARTH GUARDIANS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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Taylor, Roth and Company, PLLC

Certified Public Accountants

working exclusively with nonprofit organizations

March 16, 2010

Independent Auditors' Report

Board of Directors
WildEarth Guardians
Santa Fe, New Mexico

We have audited the accompanying statement of financial position of **WildEarth Guardians** (a New Mexico nonprofit corporation) as of December 31, 2009 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of WildEarth Guardians' management. Our responsibility is to express an opinion on these financial statements based on our audit. Information for the year ended December 31, 2008, is presented for comparative purposes only and was extracted from the financial statements presented by net asset class for that year, on which an unqualified opinion dated March 12, 2009, was expressed.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WildEarth Guardians as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Taylor, Roth and Company, PLLC

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

WILDEARTH GUARDIANS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 336,399	\$ 130,782
Cash and cash equivalents - temporarily restricted	102,790	55,000
Accounts receivable	-	6,832
Grants and contracts receivable	20,709	-
Prepaid expenses	24,018	808
Investments (Note 3)	211,971	256,325
Net property and equipment (Note 4)	57,006	10,317
Beneficial interest in assets held by others - unrestricted (Note 5)	199,068	177,453
Beneficial interest in assets held by others - permanently restricted (Note 5)	228,492	201,473
Total assets	<u>\$ 1,180,453</u>	<u>\$ 838,990</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 40,449	\$ 15,432
Payroll accruals	27,776	18,816
Lines of credit (Note 6)	43,123	-
Notes payable (Note 7)	23,782	-
Commitments (Note 8)		
Total liabilities	<u>135,130</u>	<u>34,248</u>
<u>Net assets</u>		
<u>Unrestricted</u>		
Operating	481,749	360,499
Net investment in property and equipment	33,224	10,317
Board designated endowment (Note 5)	199,068	177,453
Temporarily restricted (Note 9)	102,790	55,000
Permanently restricted (Note 5)	228,492	201,473
Total net assets	<u>1,045,323</u>	<u>804,742</u>
Total liabilities and net assets	<u>\$ 1,180,453</u>	<u>* \$ 838,990</u>

The accompanying notes are an integral part of these financial statements

WILDEARTH GUARDIANS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>			<u>2008</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>Total</u>
<u>Revenue and other support</u>					
Grants	\$ 291,092	\$ 410,750	\$ -	\$ 701,842	\$ 622,842
Government grants and contracts	583,496	-	-	583,496	319,796
Individual donations	406,705	71,000	-	477,705	508,707
Special events	127,845	-	-	127,845	108,086
Less: Direct expenses for events	(104,818)	-	-	(104,818)	(94,004)
Reimbursed expenses	96,268	-	-	96,268	17,037
Endowment gains(losses)	22,887	-	27,019	49,906	(115,784)
Other revenue	45,462	-	-	45,462	327
Net assets released from restrictions	433,960	(433,960)	-	-	-
Total revenue and other support	1,902,897	47,790	27,019	1,977,706	1,367,007
<u>Expense</u>					
<u>Program services</u>					
Restoration	652,214	-	-	652,214	433,140
Wildlife	472,748	-	-	472,748	374,699
Wild Places	164,215	-	-	164,215	252,586
Climate and energy	123,033	-	-	123,033	97,608
Publications and outreach	84,180	-	-	84,180	128,411
Water	12,289	-	-	12,289	36,757
Total program services	1,508,679	-	-	1,508,679	1,323,201
<u>Supporting services</u>					
Management and general	89,785	-	-	89,785	85,451
Fundraising	138,661	-	-	138,661	108,935
Total expense	1,737,125	-	-	1,737,125	1,517,587
Change in net assets - operating	165,772	47,790	27,019	240,581	(150,580)
Gain on Sinapu merger (Note 12)	-	-	-	-	116,985
Change in net assets - Total	165,772	47,790	27,019	240,581	(33,595)
Net assets, beginning of year	548,269	55,000	201,473	804,742	838,337
Net assets, end of year	\$ 714,041	\$ 102,790	\$ 228,492	\$ 1,045,323	\$ 804,742

The accompanying notes are an integral part of these financial statements

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Salaries	\$ 208,
Payroll taxes and benefits	24,
Equipment leases	147,
Contract labor	111,
Travel	56,
Publications and media	1,
Occupancy	4,
Supplies	39,
Professional services	33,
Fundraising	
Legal fees	
Telephone	1,
Website development	1,
Office expense	1,
Postage	
Insurance	5,
Printing	
Accounting services	
Research	
River restoration	5,
Event expenses	
Penalties	
Land leases	2,
Staff development and training	
All other	1,
	<u>648,</u>
Depreciation	4,
Total expenses	<u>\$ 652,</u>

The accompanying

WILDEARTH GUARDIANS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 240,581	\$ (33,595)
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Net (gains)losses on investments	73	(10,111)
Net (gains)losses on assets held by others	(48,634)	124,134
Donated securities	(6,031)	-
Donated property and equipment	(20,000)	-
Loss on disposition of property and equipment	322	13,577
Depreciation expense	11,242	11,510
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	6,832	5,288
(Increase)decrease in grants and contracts receivable	(20,709)	25,000
(Increase)decrease in prepaid expense	(23,210)	6,476
Increase(decrease) in accounts payable	25,017	(3,337)
Increase(decrease) in payroll accruals	8,960	9,983
Increase(decrease) in deferred revenue	-	(384)
Increase(decrease) in fiscal agent	-	(11,372)
Net cash provided(used) by operating activities	<u>174,443</u>	<u>137,169</u>
<u>Cash flows from investing activities</u>		
Purchases of investments	(360,000)	(516,985)
Sales of investments	411,000	453,000
Interest income reinvested	(688)	(6,919)
(Purchases) of property and equipment	(38,253)	-
Net cash provided(used) by investing activities	<u>12,059</u>	<u>(70,904)</u>
<u>Cash flows from financing activities</u>		
Borrowings on lines of credit	123,123	-
Borrowings on notes payable	31,080	-
(Repayments) on lines of credit	(80,000)	-
(Repayments) on notes payable	(7,298)	-
Net cash provided(used) by financing activities	<u>66,905</u>	<u>-</u>
Net change in cash	253,407	66,265
Cash and cash equivalents, beginning of year	<u>185,782</u>	<u>119,517</u>
Cash and cash equivalents, end of year	<u>\$ 439,189</u>	<u>\$ 185,782</u>
Supplemental disclosure of information:		
Cash paid during the period for interest	<u>\$ 1,191</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

WILDEARTH GUARDIANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 1 - NATURE OF ACTIVITIES

WildEarth Guardians (the Organization; formerly known as Forest Guardians) 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. They operate the following major programs:

Restoration – restoring native streamside forests, improving native wildlife habitat, enhancing the health and beauty of the arid southwest’s arteries of life.

Wildlife – preventing extinction and promoting recovery of imperiled native plants and animals in the West.

Wild Places - halting logging projects; working against overgrazing on public lands; protecting national grasslands and prairies; and analyzing fire policy and management practices.

Publications and Outreach – publishing and distributing newsletters, an organization brochure, and an annual report.

Climate and Energy – addressing the climate crisis by challenging fossil fuel extraction and use, promoting energy efficiency, and promoting appropriate sustainable energy.

Events – Various events designed to engage the community in WildEarth Guardian programs.

Water – Focus on advocating for clean, free-flowing rivers across the West including defending the Rio Grande’s right to its own waters.

The Organization is supported primarily by grants and donations.

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.

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

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.

5. 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.

6. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. 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.

8. Income Taxes

WildEarth Guardians has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

9. Functional Reporting of Expenses

For the year ended December 31, 2009, 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.

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

10. 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, 2008, from which the summarized information was derived.

NOTE 3 - INVESTMENTS

At year-end, the market value of investments approximated cost and consisted of:

<u>Description</u>	<u>Amount</u>
Money market funds	<u>\$ 211,971</u>

Endowment income for the year consisted of the following:

<u>Description</u>	<u>Amount</u>
Realized and unrealized gain(loss) - unrestricted investments	\$ 22,887
Realized and unrealized gain(loss) - permanently restricted portion of endowment	<u>27,019</u>
Total investment gains(losses)	<u>\$ 49,906</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Vehicles	\$ 51,496
Office furniture and equipment	46,237
River restoration equipment	<u>4,934</u>
Total	102,667
Less: Accumulated depreciation	<u>45,661</u>
Net property and equipment	<u>\$ 57,006</u>

Depreciation expense for the year was \$11,006.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

For purposes of endowment, the Organization has placed funds on deposit with three different community foundations, with the majority being held by the New Mexico Community Foundation. The unrestricted portion of the New Mexico Community Foundation money is a quasi-endowment, over which the board of directors has ultimate authority.

The permanently restricted portion of the New Mexico Community Foundation money is a permanent endowment, to be held in perpetuity by the community foundation, with only an income component available to the Organization each year.

The investments are shown at market value at December 31, 2009.

Changes in the board designated endowment assets held with the New Mexico Community Foundation and the Albuquerque Community Foundation for the year ended December 31, 2009 are as follows:

<u>Board designated endowment</u>	<u>Amount</u>
Balance, beginning of year	<u>\$ 177,453</u>
Contributions	0
Investment income	134
Net appreciation	21,613
Management fees	<u>(132)</u>
Total investment return	<u>21,615</u>
Appropriation of assets for expenditure	<u>0</u>
Balance, end of year	<u>\$ 199,068</u>

Changes in the permanently restricted endowment assets held with the New Mexico Community Foundation and Santa Fe Community Foundation for the year ended December 31, 2009 are as follows:

<u>Permanently restricted endowment</u>	<u>Amount</u>
Balance, beginning of year	<u>\$ 201,473</u>
Contributions	100
Investment income	0
Net appreciation	26,919
Management fees	<u>(0)</u>
Total investment return	<u>27,019</u>
Appropriation of assets for expenditure	<u>(0)</u>
Balance, end of year	<u>\$ 228,492</u>

NOTE 6 - LINES OF CREDIT

Lines of credit at December 31, 2009 consist of the following:

<u>Description</u>	<u>Amount</u>
Caterpillar: Maximum amount \$45,000, dated November 20, 2009; matures April 30, 2010; 0.000% interest rate (below market rate; imputed interest would be immaterial)	\$ 43,123
Local Bank: Maximum amount \$220,000, dated January 30, 2010; matures January 30, 2011; initial interest rate of 6.500%; rate adjusts to Wall Street Journal prime rate on February 2, 2010; rate will never be less than 6.000%	<u>0</u>
Total	<u>\$ 43,123</u>

Borrowings and repayments totaled \$123,123 and \$80,000, respectively, on the lines of credit during 2009. Interest expense on the lines of credit totaled \$222 for the year ended December 31, 2009.

NOTE 7 - NOTES PAYABLE

Notes payable at December 31, 2009 consist of the following:

<u>Description</u>	<u>Amount</u>
Local Bank: Original amount \$15,480, dated January 9, 2009; maturity date January 9, 2014; monthly P & I payments of \$297.45 beginning February 9, 2009; interest rate of 5.750%; secured by 2004 Dodge Ram 3500 pickup	\$ 9,425
Local Bank: Original amount \$10,600, dated April 1, 2009; maturity date April 1, 2014; monthly P & I payments of \$203.72 beginning May 1, 2009; interest rate of 5.750%; secured by 2002 Ford F250 pickup	9,357
Related Party: Original amount \$5,000, dated June 1, 2009; maturity date December 31, 2010; principal due on or before maturity date; 0.000% interest rate; unsecured (below market rate; imputed interest would be immaterial)	<u>5,000</u>
Total	<u>\$ 23,782</u>

NOTE 7 - NOTES PAYABLE (Concluded)

The future scheduled maturities for the years ended December 31st are:

<u>Year</u>	<u>Amount</u>
2010	\$ 10,067
2011	5,365
2012	5,219
2013	2,325
2014 and thereafter	<u>806</u>
Total	<u>\$ 23,782</u>

Interest expense on the notes payable totaled \$969 for the year ended December 31, 2009.

NOTE 8 - COMMITMENTS

The Organization leases office space for its Santa Fe location. The lease expired on January 31, 2010 and is currently on a month-to-month continuation at the rate of \$2,667 per month. There are no minimum future payments required after January 31, 2010.

The Organization also leases office space for its Denver location. The lease is for the period of January 1, 2009 through December 31, 2010. One-third of the premises are shared with an unrelated non-profit organization. WildEarth Guardians is not responsible for any unpaid rent by this tenant. The Organization's portion of future minimum lease payments is as follows:

<u>Year</u>	<u>Amount</u>
2010	<u>\$ 9,707</u>

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

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

<u>Description</u>	<u>Amount</u>
Rio Grande From Above photo project	\$ 52,790
Wildlife protection	40,000
Time restriction: Wildlife protection	<u>10,000</u>
Total	<u>\$ 102,790</u>

NOTE 10 - IN-KIND CONTRIBUTIONS

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

<u>Description</u>	<u>Amount</u>
Vehicle	\$ 20,000
Supplies and materials for river restoration	16,000
Advertising	4,220
Fundraising supplies	<u>2,750</u>
Total	<u>\$ 42,970</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>
Wildlife protection	\$ 250,250
Wild places	121,500
Climate and energy	34,000
Rio Grande From Above photo project	23,210
Publications and outreach	<u>5,000</u>
Total	<u>\$ 433,960</u>

NOTE 12 - MERGED OPERATIONS AND NAME CHANGE

Effective January 11, 2008, Forest Guardians, Sinapu, and the Sagebrush Sea Campaign joined forces to become WildEarth Guardians. With offices in Boulder, Denver, Phoenix and Santa Fe, WildEarth Guardians protects and restores wildlife, wild places, and wild rivers in the American West.

In 2008, as a result of the merger with Sinapu, WildEarth Guardians recognized a gain in the amount of \$116,985; the net value of assets received.

On November 26, 2008, Rocky Mountain Clean Air Action merged their operations with WildEarth Guardians. There were no assets or liabilities assumed in the merger.

NOTE 13 - CHANGES IN ENDOWMENT

A portion of the endowment funds held with the Santa Fe Community Foundation become available for grants each quarter. The Organization did not receive any payments from these available funds in 2009.