

# WILD SALMON CENTER

Audited Consolidated Financial Statements

For the Years Ended  
December 31, 2020 and 2019



McDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Wild Salmon Center

We have audited the accompanying consolidated financial statements of Wild Salmon Center (a nonprofit corporation), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wild Salmon Center as of December 31, 2020 and 2019, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matter*

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021 on our consideration of Wild Salmon Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wild Salmon Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wild Salmon Center's internal control over financial reporting and compliance.

*McDonald Jacobson, P.C.*

Portland, Oregon  
March 25, 2021

WILD SALMON CENTER  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,875,727	\$ 2,858,938
Pledges receivable, current portion	2,349,403	1,892,503
Investments	9,881,035	8,532,942
Prepaid expenses, deposits, and supplies	210,019	156,995
Total current assets	17,316,184	13,441,378
Long-term pledges receivable, net	3,081,778	1,195,832
Property and equipment, net	23,832	30,187
TOTAL ASSETS	\$ 20,421,794	\$ 14,667,397
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 608,222	\$ 578,209
Refundable advance - Paycheck Protection Program	461,338	-
Total liabilities	1,069,560	578,209
Net assets:		
Without donor restrictions:		
Undesignated	3,844,248	3,842,874
Property and equipment, net	23,832	30,187
Board designated	775,000	775,000
Total without donor restrictions	4,643,080	4,648,061
With donor restrictions	14,709,154	9,441,127
Total net assets	19,352,234	14,089,188
TOTAL LIABILITIES AND NET ASSETS	\$ 20,421,794	\$ 14,667,397

See notes to consolidated financial statements.

WILD SALMON CENTER  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
For the years ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>						
Grants and contributions	\$ 1,874,814	\$ 8,673,708	\$ 10,548,522	\$ 2,110,839	\$ 4,512,317	\$ 6,623,156
Donated materials and services	-	5,520	5,520	-	-	-
Investment income, net	52,151	152,666	204,817	41,999	107,081	149,080
Change in value of investments	84,509	233,930	318,439	143,123	529,493	672,616
Other income	236	-	236	229	-	229
Net assets released from restrictions:						
Satisfaction of purpose and time restrictions	3,797,797	(3,797,797)	-	4,143,136	(4,143,136)	-
Total revenue and support	5,809,507	5,268,027	11,077,534	6,439,326	1,005,755	7,445,081
<b>Expenses:</b>						
Program services:						
North America Program	3,269,995	-	3,269,995	3,351,567	-	3,351,567
Western Pacific Network	478,699	-	478,699	587,665	-	587,665
Science Program	176,105	-	176,105	173,842	-	173,842
The Stronghold Fund	181,330	-	181,330	145,075	-	145,075
Communications and other programs	548,580	-	548,580	621,168	-	621,168
Total program services	4,654,709	-	4,654,709	4,879,317	-	4,879,317
Management and general	421,658	-	421,658	463,950	-	463,950
Development and fundraising	738,121	-	738,121	834,781	-	834,781
Total expenses	5,814,488	-	5,814,488	6,178,048	-	6,178,048
Change in net assets	(4,981)	5,268,027	5,263,046	261,278	1,005,755	1,267,033
<b>Net assets:</b>						
Beginning of year	4,648,061	9,441,127	14,089,188	4,386,783	8,435,372	12,822,155
End of year	\$ 4,643,080	\$ 14,709,154	\$ 19,352,234	\$ 4,648,061	\$ 9,441,127	\$ 14,089,188

See notes to consolidated financial statements.

WILD SALMON CENTER  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2020

	Program Services						Management and General	Development and Fundraising	Total
	North America Program	Western Pacific Network	Science Program	The Stronghold Fund	Communi- cation and Other	Total Program Services			
Salaries and related expenses	\$ 1,325,365	\$ 224,440	\$ 136,977	\$ 137,766	\$ 368,964	\$ 2,193,512	\$ 270,283	\$ 601,609	\$ 3,065,404
Subgrants	1,388,941	233,882	13,129	-	-	1,635,952	-	-	1,635,952
Professional services	471,420	4,699	4,890	36,622	69,897	587,528	62,444	1,468	651,440
Advertising and promotion	578	-	-	-	18,711	19,289	203	26,332	45,824
Rent and occupancy	38,869	11,831	14,678	6,338	38,123	109,839	17,893	40,396	168,128
Office and telecommunication	15,939	684	4,188	23	18,171	39,005	15,290	23,453	77,748
Travel	23,622	(347)	2,050	-	4,908	30,233	229	17,286	47,748
Conference	1,265	299	125	-	145	1,834	1	757	2,592
Insurance	-	2,600	-	-	-	2,600	22,975	199	25,774
Dues and subscriptions	3,690	-	-	-	13,522	17,212	1,628	11,629	30,469
Other operating costs	<u>306</u>	<u>611</u>	<u>68</u>	<u>581</u>	<u>16,139</u>	<u>17,705</u>	<u>30,712</u>	<u>14,992</u>	<u>63,409</u>
Total expenses	<u>\$ 3,269,995</u>	<u>\$ 478,699</u>	<u>\$ 176,105</u>	<u>\$ 181,330</u>	<u>\$ 548,580</u>	<u>\$ 4,654,709</u>	<u>\$ 421,658</u>	<u>\$ 738,121</u>	<u>\$ 5,814,488</u>

See notes to consolidated financial statements.

WILD SALMON CENTER  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2019

	Program Services						Management and General	Development and Fundraising	Total
	North America Program	Western Pacific Network	Science Program	The Stronghold Fund	Communi- cation and Other	Total Program Services			
Salaries and related expenses	\$ 1,155,914	\$ 224,178	\$ 81,890	\$ 134,283	\$ 325,090	\$ 1,921,355	\$ 322,242	\$ 535,425	\$ 2,779,022
Subgrants	1,454,948	198,000	50,000	-	-	1,702,948	-	-	1,702,948
Professional services	594,904	81,968	8,131	1,725	217,937	904,665	50,367	46,713	1,001,745
Advertising and promotion	5,606	318	-	-	14,455	20,379	-	27,166	47,545
Rent and occupancy	36,639	12,511	5,362	6,702	34,369	95,583	19,689	42,177	157,449
Office and telecommunication	17,780	3,057	2,393	412	9,881	33,523	22,510	27,708	83,741
Travel	66,166	59,785	25,964	-	6,725	158,640	3,366	86,345	248,351
Conference	10,425	1,907	-	-	963	13,295	-	43,913	57,208
Insurance	-	4,498	-	-	-	4,498	19,630	188	24,316
Dues and subscriptions	6,446	-	-	-	9,225	15,671	481	7,643	23,795
Other operating costs	<u>2,739</u>	<u>1,443</u>	<u>102</u>	<u>1,953</u>	<u>2,523</u>	<u>8,760</u>	<u>25,665</u>	<u>17,503</u>	<u>51,928</u>
Total expenses	<u>\$ 3,351,567</u>	<u>\$ 587,665</u>	<u>\$ 173,842</u>	<u>\$ 145,075</u>	<u>\$ 621,168</u>	<u>\$ 4,879,317</u>	<u>\$ 463,950</u>	<u>\$ 834,781</u>	<u>\$ 6,178,048</u>

See notes to consolidated financial statements.

WILD SALMON CENTER  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Cash received from grants, contracts, and contributions	\$ 8,047,775	\$ 6,592,603
Refundable advance - Paycheck Protection Program	461,338	-
Other cash receipts	236	229
Investment earnings	204,817	149,080
Cash paid to employees and suppliers	<u>(5,825,624)</u>	<u>(5,909,105)</u>
Net cash flows from operating activities	<u>2,888,542</u>	<u>832,807</u>
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of investments	1,238,066	355,000
Purchases of investments	(2,109,819)	(2,248,380)
Additions to property and equipment	-	<u>(31,776)</u>
Net cash flows from investing activities	<u>(871,753)</u>	<u>(1,925,156)</u>
Net change in cash and cash equivalents	2,016,789	(1,092,349)
Cash and cash equivalents - beginning of year	<u>2,858,938</u>	<u>3,951,287</u>
Cash and cash equivalents - end of year	<u>\$ 4,875,727</u>	<u>\$ 2,858,938</u>

See notes to consolidated financial statements.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Wild Salmon Center (the Organization or WSC), founded in 1992, is an incorporated association. The mission of Wild Salmon Center is to promote the conservation and sustainable use of wild salmon ecosystems across the Pacific Rim. WSC identifies science-based solutions to sustain wild salmonids and the human communities and livelihoods that depend on them. The primary source of revenue is contributions from foundations, individuals, government and businesses.

The Organization's primary programs include:

**North America Program:** The North America Program conducts conservation activities in the states of California, Oregon, Washington, and Alaska as well as British Columbia, Canada. Through collaboration with public and private partners, this Program focuses on building and leading coalitions to ensure the long-term abundance and viability of North America's strongest remaining wild salmon and steelhead populations.

**Western Pacific Network:** The Western Pacific Network is working to ensure effective long-term protection of a network of salmon strongholds in Russia. In collaboration with partners, this Program conducts conservation activities in Kamchatka, Sakhalin Island, and in the Khabarovsk region in the Russian Far East.

**Science Program:** Wild Salmon Center's Science Program conducts research and draws together the best available information and data, so that the Organization and its partners can best conserve the North Pacific's wild salmon ecosystems.

**The Stronghold Fund:** WSC has established an impact fund, to be spent on high priority wild salmon conservation and partnership initiatives throughout the Pacific Rim.

Consolidated Financial Presentation

The consolidated financial statements include the accounts of Wild Salmon Center and The Stronghold Fund, a nonprofit organization established to facilitate one of WSC's programs (collectively, the Organization). All inter-organization transactions and balances have been eliminated.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2020 and 2019

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less, at the time of purchase, to be cash equivalents.

Pledges Receivable

Pledges receivable are reported at the amount management of the Organization expects to collect on balances outstanding at year-end. Pledges receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Investments

Investments are carried at fair value. Investment income earned on donor restricted investments is reported as an increase in net assets without donor restrictions unless restricted by the donor in which case it is classified according to the nature of the restriction until appropriated for expenditure. Cash and equivalents included with investments are considered investments.

Property and Equipment

Additions to property and equipment with values exceeding \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2020 and 2019

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Refundable Advance – Paycheck Protection Program

The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance will be recognized as revenue.

Revenue Recognition

Revenues from various sources are recognized as follows:

**Contributions:** Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

**Government Grants:** A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditional upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as advances on government grants in the consolidated statements of financial position. The Organization has been awarded cost-reimbursable grants of approximately \$2.9 million for the period through December 31, 2023 that have not been recognized at December 31, 2020 because qualifying expenditures have not yet been incurred. The Organization has not received any advances on these grants as of December 31, 2020.

**Donated Materials and Services:** In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an integral part of the Organization's activities. The Organization reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated.

Some of the Organization's operations are staffed by volunteers. These volunteer services have not been recognized in the accompanying consolidated financial statements since the criteria for recording these contributed services have not been met.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2020 and 2019

I. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related costs, occupancy, office and telecommunications, and other, which are allocated on the basis of estimates of time and effort.

Income Taxes

Wild Salmon Center and The Stronghold Fund are exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. At times, the Organization may engage in lobbying activities. To the extent that activities exceed allowable limits, the Organization accrues estimated excise taxes. Accrued amounts included in the financial statements are not material. The Organization is not a private foundation.

The Organization follows the provisions of FASB ASC *Topic 740 Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that there are no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated all subsequent events through March 25, 2021, the date the consolidated financial statements were available to be issued.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2020 and 2019

2. AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets consist of the following at December 31:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 4,875,727	\$ 2,858,938
Pledges receivable, current	2,349,403	1,892,503
Investments	9,881,035	8,532,942
Total financial assets	17,106,165	13,284,383
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	(11,627,376)	(8,245,295)
Board designations	(775,000)	(775,000)
Financial assets available for general expenditure	\$ 4,703,789	\$ 4,264,088

Board designated funds may be released for spending upon approval of the Board. See Note 7 regarding board designated net assets. See Note 6 for information about the Organization's line of credit.

3. INVESTMENTS

Investments are carried at fair value and consist of the following at December 31:

	2020	2019
Cash - bank deposits	\$ 156,654	\$ 111,183
Cash equivalents - money market	550,000	775,000
U.S. treasury securities	2,166,567	2,077,179
Agency securities	320,162	-
Corporate bonds	2,646,997	1,890,700
Equities	4,040,655	3,678,880
Total investments	\$ 9,881,035	\$ 8,532,942

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2020 and 2019

4. PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give that are unsecured. Management believes that all amounts are fully collectible and, therefore, no allowance for uncollectible balances has been recorded. Pledges receivable are due as follows at December 31:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 2,349,403	\$ 1,892,503
Due in two to five years	3,326,000	1,325,000
Over five years	<u>100,000</u>	<u>25,000</u>
Total pledges receivable	5,775,403	3,242,503
Less discount for long-term pledges	<u>344,222</u>	<u>154,168</u>
Net pledges receivable	<u>\$ 5,431,181</u>	<u>\$ 3,088,335</u>
Current	\$ 2,349,403	\$ 1,892,503
Long-term	<u>3,081,778</u>	<u>1,195,832</u>
Net pledges receivable	<u>\$ 5,431,181</u>	<u>\$ 3,088,335</u>

Long-term pledges are discounted to present value at a rate of 5%.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Furniture	\$ 163,271	\$ 163,271
Office equipment	34,636	34,636
Computer equipment	29,257	29,257
Leasehold improvements	<u>67,545</u>	<u>67,545</u>
	294,709	294,709
Less accumulated depreciation	<u>270,877</u>	<u>264,522</u>
Property and equipment, net	<u>\$ 23,832</u>	<u>\$ 30,187</u>

Depreciation expense totaled \$6,355 and \$1,589 for the years ended December 31, 2020 and 2019, respectively

**WILD SALMON CENTER**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued**  
**December 31, 2020 and 2019**

**6. LINE OF CREDIT**

The Organization has a \$500,000 line of credit with Wells Fargo Bank. Interest on the outstanding balance is payable monthly at a floating rate equal to 1.0% over the bank prime rate or the floor rate of 5.75%, whichever is greater (5.75% as of December 31, 2020 and 2019). The line of credit is secured by all supplies, receivables and equipment of the Organization and matures on June 1, 2021. There were no advances on the line at December 31, 2020 and 2019.

**7. BOARD DESIGNATED NET ASSETS**

Board designated net assets are held as an operating reserve and total \$775,000 at December 31, 2020 and 2019.

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions, including time restricted pledges, are restricted to the following activities at December 31:

	<u>2020</u>	<u>2019</u>
The Stronghold Fund	\$ 12,331,772	\$ 8,004,377
North America Program	2,039,929	1,255,178
Western Pacific Network	293,332	-
Salmon Science	41,417	152,675
Other purposes	<u>2,704</u>	<u>28,897</u>
Total net assets with donor restrictions	<u>\$ 14,709,154</u>	<u>\$ 9,441,127</u>

**9. EMPLOYEE BENEFIT PLAN**

The Organization has a defined contribution salary deferral 401(K) plan covering all eligible full-time employees based in the United States. Under the plan, these employees are eligible to contribute to the plan after six months of employment. Employees may contribute up to the statutory limit of their pre-tax earnings each period and the Organization will match employee contributions up to 7.5%. The Organization's contributions to the plan during 2020 and 2019 totaled approximately \$132,600 and \$113,600, respectively.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2020 and 2019

10. LEASE COMMITMENTS

The Organization leases its Portland office facilities under an agreement expiring July 31, 2022. Current monthly rent is \$11,757 subject to annual increases. The Organization also leases office equipment under operating leases expiring through December 2020 and December 2021 with current monthly rent totaling \$760.

Total rent expense approximated \$148,200 and \$144,600 for 2020 and 2019, respectively.

Future minimum lease payments under non-cancelable leases are as follows:

Year ending December 31, 2021	\$ 151,000
2022	<u>84,400</u>
Total	<u>\$ 235,400</u>

11. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in several financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances in excess of insured limits were approximately \$4.62 million and \$2.34 million at December 31, 2020 and 2019, respectively.

Credit risk for pledges receivable is concentrated in that 71% of the balance at December 31, 2020 is due from four sources including three individuals, two who are board members, and one government entity. At December 31, 2019, 65% of the balance is due from four sources including three individuals, one of which is a board member and one government entity. In addition, one donor provided approximately 11% of the Organization's total revenue in 2020.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2020 and 2019

12. FAIR VALUE MEASUREMENTS

Assets and liabilities, including investments, are recorded at fair value in the statement of financial position and are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets and liabilities.

**Level 2:** Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

**Level 3:** Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis are as follows at December 31:

	Fair Value	Level 1	Level 2
<u>December 31, 2020</u>			
Investments:			
Money market	\$ 550,000	\$ 550,000	\$ -
U.S. treasury securities	2,166,567	2,166,567	-
Agency Securities	320,162		320,162
Corporate bonds	2,646,997	-	2,646,997
Equity securities	3,035,197	3,035,197	-
Exchange traded funds	959,055	959,055	-
Real estate investment trust	46,403	-	46,403
<u>December 31, 2019</u>			
Investments:			
Money market	\$ 775,000	\$ 775,000	\$ -
U.S. treasury securities	2,077,179	2,077,179	-
Corporate bonds	1,890,700	-	1,890,700
Equity securities	3,256,243	3,256,243	-
Exchange traded funds	396,783	396,783	-
Real estate investment trust	25,854	-	25,854

Fair value of investments in U.S. treasury and equity securities are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for investments in corporate bonds and the real estate investment trust are provided by custodians and are based on pricing models that incorporate available trade, bid and other market information.

WILD SALMON CENTER  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Continued  
December 31, 2020 and 2019

13. CONTINGENCIES AND UNCERTAINTY

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.

The Organization has been impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.

SUPPLEMENTARY INFORMATION

**WILD SALMON CENTER**  
**SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**December 31, 2020**

	Wild Salmon Center	The Stronghold Fund	Eliminating Entries	Consolidated Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,415,522	\$ 1,460,205	\$ -	\$ 4,875,727
Pledges receivable, current portion	1,374,403	975,000	-	2,349,403
Investments	2,832,812	7,048,223	-	9,881,035
Prepaid expenses, deposits, and supplies	210,019	-	-	210,019
Total current assets	7,832,756	9,483,428	-	17,316,184
Long-term pledges receivable, net	214,568	2,867,210	-	3,081,778
Property and equipment, net	23,832	-	-	23,832
 TOTAL ASSETS	 \$ 8,071,156	 \$ 12,350,638	 \$ -	 \$ 20,421,794
 <b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 589,356	\$ 18,866	\$ -	\$ 608,222
Deferred revenue	-	-	-	-
Refundable advance - Paycheck Protection F	461,338	-	-	461,338
Total liabilities	1,050,694	18,866	-	1,069,560
Net assets:				
Without donor restrictions:				
Undesignated	3,844,248	-	-	3,844,248
Property and equipment, net	23,832	-	-	23,832
Board designated	775,000	-	-	775,000
Total without donor restrictions	4,643,080	-	-	4,643,080
With donor restrictions	2,377,382	12,331,772	-	14,709,154
Total net assets	7,020,462	12,331,772	-	19,352,234
 TOTAL LIABILITIES AND NET ASSETS	 \$ 8,071,156	 \$ 12,350,638	 \$ -	 \$ 20,421,794

See independent auditor's report.

WILD SALMON CENTER  
SCHEDULE II - CONSOLIDATING STATEMENT OF ACTIVITIES  
For the year ended December 31, 2020

	Wild Salmon Center	The Stronghold Fund	Eliminating Entries	Consolidated Total
<b>Revenue and support:</b>				
Grants and contributions	\$ 6,426,393	\$ 4,561,879	\$ (439,750)	\$ 10,548,522
Donated materials and services	5,520	-	-	5,520
Investment income, net	52,151	152,666	-	204,817
Change in value of investments	84,509	233,930	-	318,439
Other income	236	-	-	236
Total revenue and support	<u>6,568,809</u>	<u>4,948,475</u>	<u>(439,750)</u>	<u>11,077,534</u>
<b>Expenses:</b>				
Program services:				
North America Program	3,269,995	-	-	3,269,995
Western Pacific Network	478,699	-	-	478,699
Science Program	176,105	-	-	176,105
The Stronghold Fund	-	621,080	(439,750)	181,330
Communications and other programs	548,580	-	-	548,580
Total program services	4,473,379	621,080	(439,750)	4,654,709
Management and general	421,658	-	-	421,658
Development and fundraising	738,121	-	-	738,121
Total expenses	<u>5,633,158</u>	<u>621,080</u>	<u>(439,750)</u>	<u>5,814,488</u>
Change in net assets	935,651	4,327,395	-	5,263,046
<b>Net assets:</b>				
Beginning of year	<u>6,084,811</u>	<u>8,004,377</u>	<u>-</u>	<u>14,089,188</u>
End of year	<u>\$ 7,020,462</u>	<u>\$ 12,331,772</u>	<u>\$ -</u>	<u>\$ 19,352,234</u>

See independent auditor's report.

WILD SALMON CENTER

Reports Required by *Government Auditing Standards*  
And Uniform Grant Guidance and  
Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

To the Board of Directors  
Wild Salmon Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Wild Salmon Center (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated **March 26, 2021** March 25, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Wild Salmon Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wild Salmon Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Wild Salmon Center's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wild Salmon Center's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McDonald Jacobson, P.C.*

Portland, Oregon  
March 25, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors  
Wild Salmon Center

**Report on Compliance for Each Major Federal Program**

We have audited Wild Salmon Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Wild Salmon Center's major federal program for the year ended December 31, 2020. Wild Salmon Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for Wild Salmon Center's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wild Salmon Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wild Salmon Center's compliance.

### *Opinion on Each Major Federal Program*

In our opinion, Wild Salmon Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

### **Report on Internal Control Over Compliance**

Management of Wild Salmon Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wild Salmon Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wild Salmon Center's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Wild Salmon Center as of and for the year ended December 31, 2020, and have issued our report thereon dated March 25, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McDonald Jacoby, P.C.*

Portland, Oregon  
March 25, 2021

WILD SALMON CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended December 31, 2020

Federal Grantor/Pass-through Grantor Program title	Contract Number	Federal CFDA Number	Federal Expenditures	Sub-Awards
<b>U.S. Department of Commerce</b>				
Habitat Conservation	NAI7NMF4630196	11.463	\$ 729,459	\$ 644,314
Habitat Conservation	NAI9NMF4630251	11.463	<u>153,675</u>	<u>64,534</u>
Total U.S. Department of Commerce			<u>883,134</u>	<u>708,848</u>
<b>U.S. Department of Agriculture</b>				
International Forestry Programs	18-DG-11132762-391	10.684	122,339	
International Forestry Programs	20-DG-11132762-312	10.684	<u>2,922</u>	
Total U.S. Department of Agriculture			<u>125,261</u>	
Total expenditures of federal awards			<u>\$ 1,008,395</u>	<u>\$ 708,848</u>

See notes to schedule of expenditures of federal awards.

WILD SALMON CENTER  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the year ended December 31, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes all federal grant activity of Wild Salmon Center under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Wild Salmon Center, it is not intended to and does not present the financial position, changes in net assets or cash flows of Wild Salmon Center.

2. EXPENDITURES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Wild Salmon Center has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Total expenditure of federal awards	\$ 1,008,395
Non-federal expenditures	<u>4,806,093</u>
Total expenses per statement of activities	<u>\$ 5,814,488</u>

WILD SALMON CENTER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended December 31, 2020

Finding # 2019-001

Type: Financial Statement – Significant deficiency

Type: Federal Award – Significant deficiency

Condition/Context:

Out of a sample of three cash draws selected for testing, two were missing documentation of review and approval by supervisory personnel. Two financial reports were tested which were also missing documentation of review and approval by supervisory personnel.

Recommendation:

The auditor recommended that supervisory personnel review and document approval of supporting documentation for cash draws prior to submission of the request for funds. Similar controls should be implemented over financial reporting data prior to submission.

Management's Response/Action Taken

The internal process of preparing, reviewing, and approving supporting documentation for government grants has been expanded to include the Accounting Department staff. Rather than having the same person prepare the documentation and submit the request for funds, now the Staff Accountant gathers the supporting documentation and prepares a report. This report is then submitted to the Grant Manager and Program Manager for review and approval, then forwarded to the CFO for a final review. Once the CFO has signed off on the amounts and agreed them to all of the supporting documentation, the final report is sent to the Grant Manager for submission.

Status

This procedure has been implemented in 2020.

**WILD SALMON CENTER**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended December 31, 2020

**Section I - Summary of Auditor's Results**

**Financial Statements:**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards:**

Internal control over major federal programs:  
Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

**Identification of Major Programs:**

CFDA Number(s) 11.463  
Name of Federal Program or Cluster Coast Coho Recovery Plan Implementation in Oregon

Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

Auditee qualified as low-risk auditee? No

WILD SALMON CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued  
For the year ended December 31, 2020

Section 2 - Financial Statement Findings

None reported.

Section 3 - Federal Award Findings and Questioned Costs

None reported.

WILD SALMON CENTER  
CORRECTIVE ACTION PLAN  
For the year ended December 31, 2020

There were no audit findings.