

***WESTERN LANDOWNERS ALLIANCE***

**(A Non Profit Corporation)**

**With Independent Auditor's Report  
Financial Statement**

**December 31, 2016 and 2015**

***Carolyn H. Gonzales, Inc.***  
**Certified Public Accountant**  
**2213 Brothers Rd., Suite 200**  
**Santa Fe, NM 87505**

**WESTERN LANDOWNERS ALLIANCE**  
**FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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# Carolyn H. Gonzales CPA

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Western Landowners Alliance

We have audited the accompanying financial statements of the Western Landowners Alliance (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years 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 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 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 from 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 auditor's 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 the Western Landowners Alliance as of December 31, 2016 and 2015, and the 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.

  
Santa Fe, New Mexico  
October 26, 2017

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**WESTERN LANDOWNERS ALLIANCE**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2016 and 2015

**ASSETS**

<b><u>Assets</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Current Assets		
Cash	\$ 378,684	\$ 419,887
Pledges receivable	-	39,000
Other receivable	5,995	-
<b>Total Current Assets</b>	<b><u>384,679</u></b>	<b><u>458,887</u></b>
Prepaid expenses	1,851	3,910
Other assets	1,500	1,500
<b>Total Assets</b>	<b><u>\$ 388,030</u></b>	<b><u>\$ 464,297</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>Liabilities</u></b>		
Current Liabilities		
Accounts payable	\$ 14,060	\$ 16,986
Accrued compensated absences	3,138	5,098
<b>Total Liabilities</b>	<b><u>17,198</u></b>	<b><u>22,084</u></b>
<b><u>Net assets</u></b>		
<b><u>Unrestricted</u></b>		
Operating	30,910	47,248
<b><u>Temporarily restricted</u></b>		
Programs	339,922	394,965
<b>Total Net Assets</b>	<b><u>370,832</u></b>	<b><u>442,213</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 388,030</u></b>	<b><u>\$ 464,297</u></b>

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**WESTERN LANDOWNERS ALLIANCE**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2016 and Comparative Totals 2015

	<u>2016</u>			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
	<u>Operating</u>	<u>Programs</u>	<u>Total</u>	<u>Total</u>
<b><u>Support and other revenue</u></b>				
Contributions	\$ 215,122	\$ 387,500	\$ 602,622	\$ 712,537
Program revenue	5,051	-	5,051	500
Other income	3,600	-	3,600	-
Interest income	124	-	124	62
Net assets released from restriction	442,543	(442,543)	-	-
	<u>\$ 666,440</u>	<u>\$ (55,043)</u>	<u>\$ 611,397</u>	<u>\$ 713,099</u>
<b><u>Expenses</u></b>				
Program expenses	557,791	-	557,791	521,198
General and administrative	39,788	-	39,788	80,543
Development	85,199	-	85,199	47,934
	<u>\$ 682,778</u>	<u>\$ -</u>	<u>\$ 682,778</u>	<u>\$ 649,675</u>
<b>Change in net assets</b>	<u>\$ (16,338)</u>	<u>\$ (55,043)</u>	<u>\$ (71,381)</u>	<u>\$ 63,424</u>
<b>Net assets, beginning of year</b>	<u>\$ 47,248</u>	<u>\$ 394,965</u>	<u>\$ 442,213</u>	<u>\$ 378,789</u>
<b>Net assets, end of year</b>	<u>\$ 30,910</u>	<u>\$ 339,922</u>	<u>\$ 370,832</u>	<u>\$ 442,213</u>

The Accompanying Notes Are an Integral  
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**WESTERN LANDOWNERS ALLIANCE**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended December 31, 2016 and 2015

<u>Expense:</u>	2016				2015			
	Program	General & Admin	Development	Total	Program	General & Admin	Development	Total
Bank Charges	\$ -	\$ 675	\$ -	\$ 675	\$ -	\$ 599	\$ -	\$ 599
Computer Fees	-	950	-	950	30	875	3,956	4,861
Dues & Subscrip	181	1,497	1,546	3,224	-	1,428	1,541	2,969
Equip Maint & Repair	596	37	111	744	-	-	-	-
Insurance	-	3,141	-	3,141	-	2,188	-	2,188
Licenses & Fees	-	260	-	260	-	342	-	342
Meetings & Meals	16,408	1,020	24	17,452	18,089	3,480	(131)	21,438
Miscellaneous	5,527	417	-	5,944	3,135	47	-	3,182
Office Supplies	2,525	113	337	2,975	858	2,551	-	3,409
Postage	207	13	38	258	-	868	-	868
Printing & Copying	2,254	46	1,603	3,903	594	1	2,919	3,514
Prof Development	-	-	-	-	-	183	-	183
Professional Fees	228,080	5,351	47,373	280,804	204,144	6,455	10,643	221,242
Occupancy	16,835	1,052	3,156	21,043	11,865	742	2,225	14,832
Salary & Wages	212,599	17,851	27,906	258,356	208,728	49,731	23,980	282,439
Taxes	19,989	1,706	2,681	24,376	24,381	5,809	2,801	32,991
Telephone	2,264	141	424	2,829	-	1,877	-	1,877
Travel	50,326	5,518	-	55,844	49,374	3,368	-	52,742
	<b>\$ 557,791</b>	<b>\$ 39,788</b>	<b>\$ 85,199</b>	<b>\$ 682,778</b>	<b>\$ 521,198</b>	<b>\$ 80,543</b>	<b>\$ 47,934</b>	<b>\$ 649,675</b>

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**WESTERN LANDOWNERS ALLIANCE**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
<b>Change in net assets</b>	<b>\$ (71,381)</b>	<b>\$ 63,424</b>
<i>Adjustments to reconcile change in net assets to net cash used by operating activities:</i>		
(Increase) decrease in assets		
Accounts receivable	(5,995)	491
Pledges receivable	39,000	819
Prepaid expenses	2,059	(3,910)
Other assets	-	(450)
Increase (decrease) in liabilities		
Accounts payable	(2,926)	8,320
Accrued employee leave	(1,960)	883
Total adjustments	<b>30,178</b>	<b>6,153</b>
<b>Net cash provided by operating activities</b>	<b>(41,203)</b>	<b>69,577</b>
<b>Net increase (decrease) in cash</b>	<b>(41,203)</b>	<b>69,577</b>
<b>Cash, beginning of year</b>	<b>419,887</b>	<b>350,310</b>
<b>Cash, end of year</b>	<b>\$ 378,684</b>	<b>\$ 419,887</b>

The Accompanying Notes Are an Integral  
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**WESTERN LANDOWNERS ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**(1) Organization**

**Organization and Nature of Activities**

Western Landowners Alliance (the "Organization"), incorporated in Colorado, is a not-for-profit corporation organized in 2012 to work to advance policies and practices that sustain working lands, connected landscapes, and native species. The Organization's vision is to work with both leased public land and private landowners to ensure the land is resilient to stressors, healthy and biologically diverse, and provide profitable business for rural communities and critical ecological services.

The Organization's programs are dedicated to assisting communities through training, assistance and education. The primary support is obtained from the general public.

**(2) Summary of Significant Accounting Principles**

**Basis of Accounting**

The financial statements of Western Landowners Alliance have been prepared on the accrual basis of accounting, and accordingly, reflect all accounts receivable and accounts payable as of December 31, 2016 and 2015.

**Basis of Financial Statement Presentation**

The accompanying financial statements are presented in accordance with the accounting and reporting standards required by Financial Accounting Standards Board (FASB), Accounting Standards Codification which requires not-for-profit entities to report information regarding its financial position and activities according to three classes of assets as follows:

**Unrestricted net assets** - represent those resources or assets that the Organization may use at its discretion. Unrestricted net assets are not subject to donor-imposed restrictions.

**Temporarily restricted net assets** - represent net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Unexpended amounts are reported as temporarily restricted net assets at year end.

When a donor restriction expires, this is, when stipulations or purpose 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".

**Permanently restricted net assets** - result from donor-imposed stipulations that neither expire by the passage of time or can be fulfilled or otherwise removed by actions of the Organization. These relate to contributions which are required to be held in perpetuity and income from the assets held is available for either general operations or specific purpose, in accordance with donor stipulations.

**WESTERN LANDOWNERS ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**(2) Summary of Significant Accounting Principles (continued)**

**Use of Estimates**

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

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

The Organization is a non-profit corporation exempt from federal income tax under Section 170(b)(1)(A)(vi) of the Internal Revenue Code and is exempt from payment of federal income taxes under Section 501(c)(3) by a determination letter issued by the Internal Revenue Service dated November 7, 2012. The Organization regularly evaluates activities as it relates to its tax exempt status. If the Organization's activities are determined to be outside of its tax exempt status, the potential exists for tax liabilities on those unrelated activities. Currently, there are no activities that appear to create unrelated net business income.

The Organization believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions. The Organization's federal exempt organization business income tax returns (Form 990) are subject to potential examination by the IRS, generally for a three-year period commencing on the date of filing. The open audit periods are for the years ended December 31, 2013 and thereafter.

**Cash and cash equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of twelve months or less. The cash includes money held in financial institutions, certificates of deposits accounts and money market accounts. For purposes of the statements of cash flows, the Organization considers all cash accounts to be cash equivalents.

**Promises to give**

Promises to give are recognized when the donor makes a promise to give to the Organization which may be either unconditional or conditional. Promises to give are recorded as revenues in the period they are committed, unless they are conditional, at which time they will be recorded when conditions have been met.

The Organization uses the direct write-off method to determine uncollectible support.

**WESTERN LANDOWNERS ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**(2) Summary of Significant Accounting Principles (continued)**

**Property, Equipment and Depreciation**

Property and equipment are valued at cost at the date of purchase. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment are depreciated using the straight-line method over their respective useful lives.

The Organization has a capitalization policy for purchases or donations with a value of \$500 or more. Items with values of less than \$500 are analyzed individually. There were no fixed assets as of December 31, 2016 and 2015.

**(3) Accrued Compensated Absences**

Employees accrue paid time off, which is different for part-time and full-time employees. All accrued time in excess of five days is forfeited at the end of the calendar year, allowing a maximum carryover of five days per employee. As of December 31, 2016 and 2015, a total of \$3,138 and \$5,098 is accrued for unpaid compensated absences respectively.

**(4) Net Assets**

**Temporarily restricted** - The temporarily restricted net assets relate to gifts, unconditional promises to give and project support outstanding but for which restrictions and/or stipulations have not been met. Western Landowners Alliance has various projects with this restriction that have been identified in this manner.

Temporarily restricted net assets consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Programs currently in-process	\$250,322	\$209,965
Future programs for which funds have been received	<u>89,600</u>	<u>185,000</u>
	<u>\$339,922</u>	<u>\$394,965</u>

**(5) Commitments and Contingencies**

**Donor-Restricted Grants** – Some donor-restricted grants contain conditions that require the Organization to meet certain requirements that, if not met, could require the Organization to refund the amounts received to the granting entity. The Organization carefully monitors grant requirements and believes it has met all such conditions.

**WESTERN LANDOWNERS ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**(5) Commitments and Contingencies (continued)**

**Leases:**

**Office Lease**

The Organization has a lease agreement for office space occupied. The lease has an expiration date of October 31, 2017 with a monthly commitment of \$1,500. The lease offers an extension option which may be exercised with an increase of \$100 monthly for an additional term of two years, expiring on October 31, 2019. As of December 31, 2016 the commitment for the next five years is as follows:

Year ending December 31, 2017	Total \$15,000
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**(6) Gifts In-Kind and Donated Services**

Gifts in-kind are recorded at market value on the date of donation. The in-kind donations result in an increase in contributions with a corresponding increase in either expenses or noncurrent assets in the accompanying statements of activities and financial positions. The contributions are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The total donated *services* as of December 31, 2016 and 2015 were \$12,711 and \$0 respectively. The donations were related to professional services.

**(7) Related Parties**

Various Western Landowners Alliance board members made contributions to the Organization which aggregated \$102,700 and \$100,000 for the years ended December 31, 2016 and 2015. The support is used towards the Organization's programs.

**(8) Concentrations of Credit Risks**

The Organization maintains a depository at a financial institution. Depository accounts at the financial institutions are generally insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. Balances in this account may at times exceed federally or commercially insured limits. The Organization has not experienced any losses in such accounts and maintains its cash with high quality financial institutions which the Organization believes limits the risks.

**(9) Subsequent Events**

Generally accepted accounting principles require that subsequent events be evaluated after the calendar year-end. For purposes of these financial statements, subsequent events have been evaluated through October 26, 2017, the date of the audit report.

**WESTERN LANDOWNERS ALLIANCE**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**(10) Recent Accounting Guidance**

During 2016, there was a standard adopted for nonprofit entities, effective for all fiscal years beginning after December 15, 2017. ASU 2016-14, *Financial Statements for Not-for-Profit Entities*, will require not-for-profits to present two classifications of net assets as opposed to three. Net assets will be classified as *without donor restrictions* and/or *with donor restrictions*. The effectively collapses “temporarily restricted” and “permanently restricted” into one net asset class.

The FASB has issued ASU 2014-09, *Revenue from Contracts with Customers*. This update revises previous revenue recognition standards to improve guidance on revenue recognition requirements. The standard will be effective for the calendar year ending December 31, 2019. The adoption of this standard is not expected to have a material impact on the financial statements of the Western Landowner’s Alliance.