

WESTERN LANDOWNERS ALLIANCE, INC.

(A Non Profit Corporation)

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

December 31, 2017 and 2016

***Carolyn H. Gonzales, Inc.
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WESTERN LANDOWNERS ALLIANCE, INC.
FINANCIAL STATEMENTS
December 31, 2017 and 2016

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Carolyn H. Gonzales CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Western Landowners Alliance, Inc.

We have audited the accompanying financial statements of the Western Landowners Alliance Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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

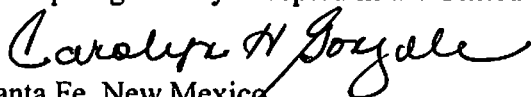
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, Inc. as of December 31, 2017 and 2016, 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
July 31, 2018

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WESTERN LANDOWNERS ALLIANCE, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

ASSETS

| <u>Assets</u> | <u>2017</u> | <u>2016</u> |
|-----------------------------|--------------------|--------------------|
| Current Assets | | |
| Cash | \$ 410,788 | \$ 378,684 |
| Pledges receivable | 102,500 | - |
| Other receivable | - | 5,995 |
| Total Current Assets | 513,288 | 384,679 |
| Prepaid expenses | 1,472 | 1,851 |
| Other assets | 2,400 | 1,500 |
| Total Assets | \$ 517,160 | \$ 388,030 |

LIABILITIES AND NET ASSETS

| | | |
|-----------------------------------------|-------------------|-------------------|
| <u>Liabilities</u> | | |
| Current Liabilities | | |
| Accounts payable | \$ 11,349 | \$ 14,060 |
| Accrued compensated absences | 3,500 | 3,138 |
| Total Liabilities | 14,849 | 17,198 |
| <u>Net assets</u> | | |
| <u>Unrestricted</u> | | |
| Operating | 119,621 | 30,910 |
| <u>Temporarily restricted</u> | | |
| Pledges | 102,500 | - |
| Programs | 280,190 | 339,922 |
| Total temporarily restricted | 382,690 | 339,922 |
| Total Net Assets | 502,311 | 370,832 |
| Total Liabilities and Net Assets | \$ 517,160 | \$ 388,030 |

The Accompanying Notes Are an Integral
Part of These Financial Statements

WESTERN LANDOWNERS ALLIANCE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017 and Comparative Totals 2016

| | 2017 | | | 2016 |
|------------------------------------------|-------------------|---------------------------|-------------------|--------------------|
| | Unrestricted | Temporarily Restricted | Total | Total |
| | Operating | Programs | Total | Total |
| <u>Support and other revenue</u> | | | | |
| Contributions | \$ 346,845 | \$ 595,000 | \$ 941,845 | \$ 602,622 |
| Program revenue | 1,321 | - | 1,321 | 5,051 |
| Other income | 22 | - | 22 | 3,600 |
| Interest income | 2 | - | 2 | 124 |
| Net assets released from restriction | 552,232 | (552,232) | - | - |
| | \$ 900,422 | \$ 42,768 | \$ 943,190 | \$ 611,397 |
| <u>Expenses</u> | | | | |
| Program expenses | 644,418 | - | 644,418 | 557,791 |
| General and administrative | 78,553 | - | 78,553 | 39,788 |
| Development | 88,740 | - | 88,740 | 85,199 |
| | \$ 811,711 | \$ - | \$ 811,711 | \$ 682,778 |
| Change in net assets | \$ 88,711 | \$ 42,768 | \$ 131,479 | \$ (71,381) |
| Net assets, beginning of year | \$ 30,910 | \$ 339,922 | \$ 370,832 | \$ 442,213 |
| Net assets, end of year | \$ 119,621 | \$ 382,690 | \$ 502,311 | \$ 370,832 |

The Accompanying Notes Are an Integral
Part of These Financial Statements

WESTERN LANDOWNERS ALLIANCE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2017 and 2016

| <u>Expense:</u> | 2017 | | | | 2016 | | | |
|----------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|-----------------------------|------------------|-------------------|
| | Program | General & Administrative | Development | Total | Program | General & Administrative | Development | Total |
| Salary & Wages | \$ 312,885 | \$ 6,082 | \$ 42,875 | \$ 361,842 | \$ 212,599 | \$ 17,851 | \$ 27,906 | \$ 258,356 |
| Professional Fees | 210,932 | 48,242 | 16,622 | 275,796 | 228,080 | 5,351 | 47,373 | 280,804 |
| Travel | 40,344 | 1,161 | 11,126 | 52,631 | 50,326 | 5,518 | - | 55,844 |
| Taxes | 22,714 | 944 | 4,087 | 27,745 | 19,989 | 1,706 | 2,681 | 24,376 |
| Meetings & Meals | 13,675 | 3,775 | 8,092 | 25,542 | 16,408 | 1,020 | 24 | 17,452 |
| Printing & Copying | 17,537 | 906 | 41 | 18,484 | 2,254 | 46 | 1,603 | 3,903 |
| Occupancy | 12,348 | 4,893 | - | 17,241 | 16,835 | 1,052 | 3,156 | 21,043 |
| Dues & Subscription | 1,210 | 1,886 | 2,813 | 5,909 | 181 | 1,497 | 1,546 | 3,224 |
| Insurance | 353 | 5,076 | - | 5,429 | - | 3,141 | - | 3,141 |
| Office Supplies | 371 | 2,427 | 1,790 | 4,588 | 2,525 | 113 | 337 | 2,975 |
| Telephone | 2,659 | 1,134 | 475 | 4,268 | 2,264 | 141 | 424 | 2,829 |
| Computer Fees | 2,388 | 1,245 | 475 | 4,108 | - | 950 | - | 950 |
| Prof Development | 3,615 | 60 | 30 | 3,705 | - | - | - | - |
| Business Promotion | 3,252 | - | - | 3,252 | - | - | - | - |
| Bank Charges | 60 | 643 | 132 | 835 | - | 675 | - | 675 |
| Postage | 75 | 275 | 79 | 429 | 207 | 13 | 38 | 258 |
| Miscellaneous | - | 24 | 103 | 127 | 5,527 | 417 | - | 5,944 |
| Equip Maint & Repair | - | - | - | - | 596 | 37 | 111 | 744 |
| Licenses & Fees | - | (220) | - | (220) | - | 260 | - | 260 |
| | \$ 644,418 | \$ 78,553 | \$ 88,740 | \$ 811,711 | \$ 557,791 | \$ 39,788 | \$ 85,199 | \$ 682,778 |

The Accompanying Notes Are an Integral
Part of These Financial Statements

WESTERN LANDOWNERS ALLIANCE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

| | 2017 | 2016 |
|------------------------------------------------------------------------------------------------|-------------------|--------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 131,479 | \$ (71,381) |
| <i>Adjustments to reconcile change in net assets to net cash used by operating activities:</i> | | |
| (Increase) decrease in assets | | |
| Accounts receivable | 5,995 | (5,995) |
| Pledges receivable | (102,500) | 39,000 |
| Prepaid expenses | 379 | 2,059 |
| Other assets | (900) | - |
| Increase (decrease) in liabilities | | |
| Accounts payable | (2,711) | (2,926) |
| Accrued employee leave | 362 | (1,960) |
| Total adjustments | (99,375) | 30,178 |
| Net cash provided by operating activities | 32,104 | (41,203) |
| | | |
| Net increase (decrease) in cash | 32,104 | (41,203) |
| | | |
| Cash, beginning of year | 378,684 | 419,887 |
| Cash, end of year | \$ 410,788 | \$ 378,684 |

The Accompanying Notes Are an Integral
Part of These Financial Statements

WESTERN LANDOWNERS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

(1) Organization

Organization and Nature of Activities

Western Landowners Alliance, Inc. (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, Inc. have been prepared on the accrual basis of accounting, and accordingly, reflect all accounts receivable and accounts payable as of December 31, 2017 and 2016.

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, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

(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. Costs benefiting more than one function are allocated based on measures such as management's estimate of time spent, square footage, etc.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). As such, no provision for income taxes is reflected in the financial statements. The Organization believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain income tax positions. Generally, income tax returns related to the current and three-year prior years remain open for examination by taxing authorities.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks. 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

Contributions are recognized when the donor makes a promise to give to the Organization which may be either unconditional or conditional. Unconditional promises to give are recorded as support in the period they are identified. Conditional promises are recorded when the conditions on which they depend are substantially met. The Organization uses the direct write-off method to determine uncollectible support.

WESTERN LANDOWNERS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

(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, 2017 and 2016.

(3) Pledges Receivable

As of December 31, 2017 the following was outstanding:

| | |
|------------------------------------------------|-------------|
| | <u>2017</u> |
| Unrestricted commitment ~ due within 12 months | \$102,500 |

(4) 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 to be forfeited at the end of the calendar year, allowing a maximum carryover of five days per employee. As of December 31, 2017 and 2016, a total of \$3,500 and \$3,138 is accrued for unpaid compensated absences, respectively.

(5) 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, Inc. has various projects with this restriction that have been identified in this manner.

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

| | <u>2017</u> | <u>2016</u> |
|----------------------------------------------------|------------------|------------------|
| Programs currently in-process | \$235,190 | \$250,322 |
| Pledges outstanding | 102,500 | - |
| Future programs for which funds have been received | <u>45,000</u> | <u>89,600</u> |
| | <u>\$382,690</u> | <u>\$339,922</u> |

(6) 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, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

(6) Commitments and Contingencies (continued)

Lease ~ The Organization has a lease agreement for office space currently occupied. The initial lease had an expiration date of October 31, 2017 with a monthly rental of \$1,500, however, an extension was agreed upon for an additional 12 months extending through October 31, 2018, with a monthly increase of \$100. The lease offers an additional extension option which may be exercised for an additional term of 12 months, expiring on October 31, 2019.

As of December 31, 2017, the commitment for the next five years is as follows:

| | |
|-------------------------------|----------------|
| Year ending December 31, 2018 | Total \$16,000 |
|-------------------------------|----------------|

(7) 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, 2017 and 2016 were \$0 and \$12,711 respectively. The donations were related to professional services.

(8) Related Parties

Various Western Landowners Alliance, Inc. board members made contributions to the Organization which aggregated \$106,050 and \$102,700 for the years ended December 31, 2017 and 2016, respectively. The support is used towards the Organization's exempt purpose and operations.

(9) Concentrations of Credit Risks

The Organization maintains a depository account 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.

(10) 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 July 31, 2018, the date the financial statements may be issued.

WESTERN LANDOWNERS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

(11) Recent Accounting Guidance

During 2016, there was a new standard issued 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 standard is effective for the calendar year ending December 31, 2018.

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.

On June 21, 2018, FASB issued ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update should assist entities in (1) evaluating whether transactions, such as grants and similar contracts, should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The standard will be effective for the calendar year ending December 31, 2019.

Western Landowner’s Alliance, Inc. will review the new standards and adopt accordingly.