

***WESTERN LANDOWNERS ALLIANCE, INC.***

**(A Nonprofit Corporation)**

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

**December 31, 2018**

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

**WESTERN LANDOWNERS ALLIANCE, INC.**  
**FINANCIAL STATEMENTS**  
December 31, 2018

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# Carolyn H. Gonzales CPA

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## *INDEPENDENT AUDITOR'S REPORT*

To the Board of Directors of Western Landowners Alliance, Inc.

We have audited the accompanying financial statements of Western Landowners Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Western Landowners Alliance, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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**Board of Directors  
Western Landowners Alliance, Inc.**

**Emphasis of Matter**

As discussed in Note 12 to the financial statements, in 2018, the Western Landowners Alliance, Inc. adopted ASU Note 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.



Santa Fe, New Mexico

September 20, 2019

**WESTERN LANDOWNERS ALLIANCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2018

**ASSETS**

**Assets**

Current Assets	
Cash	\$ 300,861
Pledges receivable short-term	265,188
Total Current Assets	<u>566,049</u>
Pledges receivable long-term	150,000
Prepaid expenses	1,908
Other assets	<u>1,500</u>
<b>Total Assets</b>	<b><u><u>\$ 719,457</u></u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Current Liabilities	
Accounts payable	\$ 13,167
Accrued compensated absences	8,706
<b>Total Liabilities</b>	<b><u>21,873</u></b>

**Net assets**

<u>Without donor restrictions</u>	
Operating	2,674
<u>With donor restrictions</u>	
Purpose and time restricted	279,722
Pledges	<u>415,188</u>
Total with donor restrictions	<u>694,910</u>
<b>Total Net Assets</b>	<b><u>697,584</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 719,457</u></u></b>

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**WESTERN LANDOWNERS ALLIANCE, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2018

	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
<b><u>Support and other revenue</u></b>			
Contributions	\$ 213,756	\$ 912,788	\$ 1,126,544
Program revenue	36,600	-	36,600
Interest income	2	-	2
Net assets released from restriction	600,568	(600,568)	-
	\$ 850,926	\$ 312,220	\$ 1,163,146
 <b><u>Expenses</u></b>			
Program services			
<i>Stewardship</i>	\$ 352,248	\$ -	\$ 352,248
<i>Policy</i>	293,756	-	293,756
<i>Communication</i>	137,305	-	137,305
Total program services	783,309	-	783,309
Support services			
Development	110,932	-	110,932
General & administrative	73,632	-	73,632
Total support services	184,564	-	184,564
Total expenses	\$ 967,873	\$ -	\$ 967,873
 <b>Change in net assets</b>	<b>\$ (116,947)</b>	<b>\$ 312,220</b>	<b>\$ 195,273</b>
 <b>Net assets, beginning of year</b>	<b>\$ 119,621</b>	<b>\$ 382,690</b>	<b>\$ 502,311</b>
 <b>Net assets, end of year</b>	<b>\$ 2,674</b>	<b>\$ 694,910</b>	<b>\$ 697,584</b>

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**WESTERN LANDOWNERS ALLIANCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2018

	<b>Programs</b>			<b>General &amp; Development Administrative</b>		<b>Total</b>
	<i>Stewardship</i>	<i>Policy</i>	<i>Communication</i>			
Salary, wages & benefits	\$ 157,777	\$ 164,615	\$ 63,478	\$ 61,261	\$ 28,583	\$ 475,714
Professional fees	62,341	68,532	50,138	12,393	18,666	212,070
Travel	75,033	22,443	4,730	12,474	8,952	123,632
Meetings & meals	27,661	4,506	1,118	4,480	7,416	45,181
Taxes	10,754	13,194	4,473	3,309	3,747	35,477
Printing & copying	9,393	2,197	5,785	429	1,024	18,828
Occupancy	1,915	6,170	1,915	6,170	851	17,021
Supplies	2,908	3,016	1,294	686	417	8,321
Dues & subscriptions	920	2,965	920	2,965	409	8,179
Computer fees	823	2,652	823	2,652	365	7,315
Insurance	487	1,570	487	1,570	217	4,331
Telephone	474	1,529	474	1,529	211	4,217
Business promotion	335	320	1,545	-	793	2,993
Bank charges	634	-	-	525	557	1,716
Postage	570	47	125	315	587	1,644
Miscellaneous	223	-	-	-	611	834
Licenses & fees	-	-	-	-	226	226
Professional development	-	-	-	174	-	174
	<b>\$ 352,248</b>	<b>\$ 293,756</b>	<b>\$ 137,305</b>	<b>\$ 110,932</b>	<b>\$ 73,632</b>	<b>\$ 967,873</b>

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**WESTERN LANDOWNERS ALLIANCE, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2018

<b>Cash flows from operating activities:</b>	
<b>Change in net assets</b>	<b>\$ 195,273</b>
 <i>Adjustments to reconcile change in net assets to net cash used by operating activities:</i>	
(Increase) decrease in assets	
Pledges receivable	(312,688)
Prepaid expenses	(436)
Other assets	900
Increase (decrease) in liabilities	
Accounts payable	1,818
Accrued employee leave	5,206
Total adjustments	<u>(305,200)</u>
<b>Net cash provided by operating activities</b>	<b>(109,927)</b>
 <b>Net increase (decrease) in cash</b>	 <b>(109,927)</b>
 <b>Cash, beginning of year</b>	 <b>\$ 410,788</b>
<b>Cash, end of year</b>	<b><u>\$ 300,861</u></b>

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**WESTERN LANDOWNERS ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018

**(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, 2018.

**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 two classes of assets as follows:

Net assets ~ without donor restrictions - represent those resources or assets that the Organization may use at its discretion. Unrestricted net assets are not subject to donor-imposed restrictions. Included are also internal restrictions imposed by the governing body.

Net assets ~ with donor restrictions - represent those resources 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 or a condition requirement.

Included also are 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 available for either general operations or a specific purpose, in accordance with donor stipulations, if applicable.

**WESTERN LANDOWNERS ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018

**(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. Compensation, benefits and taxes are allocated based on measures of time allocated to each cost center. Costs benefiting more than one function, which include occupancy costs, telephone, office supplies, etc. are allocated based on management's estimate of occupancy square footage.

**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.

**Pledges receivable**

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, 2018

**(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, 2018.

**(3) Pledges Receivable**

The Organization has received commitments which are extending over a two-year period. These funds may be used for general operations upon receipt.

The amounts pledged as of December 31 were:

	<u>2018</u>
Due within 12 months	\$265,188
Due within 24 months	<u>150,000</u>
Total	<u>\$415,188</u>

**(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, 2018, a total of \$8,705 is accrued for unpaid compensated absences.

**(5) Net Assets**

**With donor restrictions** – The 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.

With donor restricted net assets consists of the following at December 31:

	<u>2018</u>
Programs currently in-process	\$234,722
Pledges outstanding	415,188
Future programs for which funds have been received	<u>45,000</u>
Total	<u>\$694,910</u>

WESTERN LANDOWNERS ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**(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.

**Office Lease**

The Organization has a lease agreement for office space currently occupied. The current lease expires on October 31, 2019. The commitment as of December 31 is as follows:

Lease commitment January to October, 2019 ~ \$17,000

**(7) Related Parties**

Various Western Landowners Alliance, Inc. board members made contributions to the Organization which aggregated \$145,909 for the year ended December 31, 2018. The support is used towards the Organization's exempt purpose and operations.

**(8) 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.

**(9) Liquidity**

The Organization's financial assets available to meet cash needs for general expenditures within one year of the date of the statement of financial position include:

Financial assets available at year end:

Cash	\$ 300,861
Pledges	<u>415,188</u>
Total financial assets available	\$ <u>716,049</u>

Less amounts not available to be used within one year:

Funds committed to programs in-process	(279,722)
Pledges outstanding ~ long-term	<u>(150,000)</u>
Total amounts not available to be used	\$ <u>(429,722)</u>

Financial assets available to meet cash needs for general expenditures within one year	\$ <u>286,327</u>
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The Organization manages its liquidity and reserves by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and operating with a balanced budget and anticipating collecting sufficient revenue and/or support to cover general expenditures not covered by donor-restricted resources.

**WESTERN LANDOWNERS ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2018

**(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 September 20, 2019, the date the financial statements may be issued.

**(11) Effect of Current Economic Conditions on Operations**

The Organization depends heavily on donations. The ability to maintain amounts comparable with prior years is dependent upon future overall economic conditions. While management believes that the Organization has the resources to continue its programs successfully, its ability to do so and the extent to which it continues may be dependent on the above factor.

**(12) Accounting Pronouncements**

ASU 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in ASU 2016-14 change presentation and disclosure requirements for not-for-profit entities to provide more relevant information to donors, grantors, creditors, and other users. In addition to the changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources, and the addition of a statement of expenses by both natural and functional classification, and the expansion of disclosures related to these expenses. The Organization has adopted the provisions of this standard for the year ended December 31, 2018.

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.

ASU 2016-02, *Leases* (ASC 842), Under this standard, lessees will be required to bring substantially all leases onto their balance sheets by recording a right-of-use asset and lease liability. Expense will be recognized on a straight-line basis for an operating lease. Recognition of expense for a finance lease will be similar to the current treatment of capital leases. The requirements of ASU 2016-02 are effective for the Organization's year ending December 31, 2020.

ASU 2018-08, *Clarifying the Scope and 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 year ending December 31, 2019 for "*Contributions Received*" and December 31, 2020 for "*Contributions Made*".

Western Landowners Alliance, Inc. will review the standards and adopt accordingly.