

WESTERN LANDOWNERS ALLIANCE, INC.

(A Not-for-Profit Corporation)

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

December 31, 2019

***Carolyn H. Gonzales, Inc.
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2213 Brothers Rd., Suite 200
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WESTERN LANDOWNERS ALLIANCE, INC.
FINANCIAL STATEMENTS
December 31, 2019

Table of Contents

	<u>Page</u>
<i>Independent Auditor's Report</i>	1
<i>Statement of Financial Position</i>	2
<i>Statement of Activities</i>	3
<i>Statement of Functional Expenses</i>	4
<i>Statement of Cash Flows</i>	5
<i>Notes to Financial Statements</i>	6-12

Carolyn H. Gonzales CPA

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 not-for-profit organization), which comprise the statement of financial position as of December 31, 2019, 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, 2019, 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.


Santa Fe, New Mexico

August 28, 2020

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WESTERN LANDOWNERS ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

Assets

Current Assets	
Cash	\$ 418,666
Pledges and grants receivable	194,395
Total Current Assets	613,061
Pledges receivable long-term	45,000
Prepaid expenses	1,350
Other assets	1,500
Total Assets	\$ 660,911

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities	
Accounts payable	\$ 9,839
Accrued compensated absences	7,901
Total Liabilities	17,740

Net assets

<u>Without donor restrictions</u>	
Operating	266,232
<u>With donor restrictions</u>	
Purpose and time restricted	166,939
Pledges	210,000
Total with donor restrictions	376,939
Total Net Assets	643,171
Total Liabilities and Net Assets	\$ 660,911

The Accompanying Notes Are an Integral
Part of These Financial Statements

WESTERN LANDOWNERS ALLIANCE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
<u>Support and other revenue</u>			
Contributions	\$ 370,664	\$ 647,694	\$ 1,018,358
Program revenue	19,034	-	19,034
Other revenue	2,710	-	2,710
Interest income	112	-	112
Net assets released from restriction	965,665	(965,665)	-
	\$ 1,358,185	\$ (317,971)	\$ 1,040,214
 <u>Expenses</u>			
Program services			
<i>Stewardship</i>	\$ 386,894	\$ -	\$ 386,894
<i>Policy</i>	295,039	-	295,039
<i>Communication</i>	130,023	-	130,023
Total program services	811,956	-	811,956
Support services			
Development	148,678	-	148,678
Administrative	133,993	-	133,993
Total support services	282,671	-	282,671
Total expenses	\$ 1,094,627	\$ -	\$ 1,094,627
 Change in net assets	\$ 263,558	\$ (317,971)	\$ (54,413)
 Net assets, beginning of year	\$ 2,674	\$ 694,910	\$ 697,584
 Net assets, end of year	\$ 266,232	\$ 376,939	\$ 643,171

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, 2019

	Programs			Development	Administrative	Total
	<i>Stewardship</i>	<i>Policy</i>	<i>Communication</i>			
Salary, wages & benefits	\$ 260,545	\$ 193,260	\$ 64,259	\$ 96,023	\$ 43,551	\$ 657,638
Professional fees	54,020	41,561	35,197	4,723	40,219	175,720
Travel	27,107	20,009	2,669	16,211	19,523	85,519
Taxes	20,069	13,384	3,825	6,319	7,705	51,302
Meetings & meals	10,803	4,574	604	5,886	9,933	31,800
Occupancy	5,832	10,023	4,192	7,654	1,457	29,158
Dues & subscriptions	2,086	3,586	1,500	2,738	522	10,432
Computer fees	2,086	3,536	1,500	2,738	1,126	10,986
Business promotion	12	507	5,795	651	39	7,004
Telephone	1,297	2,180	932	1,703	374	6,486
Miscellaneous	72	-	-	-	6,364	6,436
Printing & copying	562	529	4,700	74	222	6,087
Postage	157	0	3,910	82	593	4,742
Supplies	1,009	-	364	2,232	455	4,060
Insurance	802	1,378	576	1,053	1,291	5,100
Bank charges	360	-	-	591	243	1,194
Equipment rental	-	512	-	-	-	512
Licenses & fees	-	-	-	-	252	252
Professional development	75	-	-	-	124	199
	\$ 386,894	\$ 295,039	\$ 130,023	\$ 148,678	\$ 133,993	\$ 1,094,627

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, 2019

Cash flows from operating activities:	
Change in net assets	\$ (54,413)
 <i>Adjustments to reconcile change in net assets to net cash used by operating activities:</i>	
(Increase) decrease in assets	
Pledges and grants receivable	175,793
Prepaid expenses	558
Increase (decrease) in liabilities	
Accounts payable	(3,328)
Accrued employee leave	(805)
Total adjustments	<u>172,218</u>
Net cash provided by operating activities	117,805
 Net increase (decrease) in cash	 117,805
 Cash, beginning of year	 300,861
Cash, end of year	<u>\$ 418,666</u>

The Accompanying Notes Are an Integral
Part of These Financial Statements

WESTERN LANDOWNERS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 1 ~ Organization and Summary of Significant Accounting Principles

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.

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, 2019.

Classification of Net Asset

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 net assets as follows:

Without donor restriction - represent those resources or assets that the Organization may use at its discretion. Unrestricted net assets are not subject to donor-imposed restrictions.

With donor restriction - 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. None existed as of December 31, 2019.

WESTERN LANDOWNERS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 1 ~ Organization and 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 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.

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, 2019

Note 1 ~ Organization and Summary of Significant Accounting Principles (continued)

Contracts and Grants

The Organization was awarded a grant from a governmental agency that is based on a cost-reimbursement basis and is recognized to the extent of expenditures incurred, not to exceed the grant or contract amount.

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. None existed as of December 31, 2019.

Advertising

The Organization expenses the cost of advertising as incurred.

Accounting Pronouncements

ASU 2014-09, *Revenue from Contracts with Customers*. This update revises previous revenue recognition standards to improve guidance and to establish a performance obligation approach to revenue recognition. The requirements of ASU 2014-09 (Topic 606) are effective for the year ending December 31, 2020, extended from December 31, 2019.

ASU 2016-02, *Leases* (Topic 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, 2021, extended from December 31, 2020.

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions.

Exchange (reciprocal) transaction ~ the resource provider is receiving value in return for the resources transferred. A resource provider is not synonymous with the general public and the indirect benefit received by the public is not equivalent to commensurate value received.

WESTERN LANDOWNERS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 1 ~ Organization and Summary of Significant Accounting Principles (continued)

Accounting Pronouncements (continued)

Contribution (nonreciprocal) ~ if the transaction is identified as a contribution, then there is the determination as to whether it is conditional or unconditional, which affects the timing of the revenue. If a transaction is deemed to be conditional, based on donor-imposed conditions, certain stipulations must be present in order to defer recording the revenue; a specified right of return of assets requirement and the presence of specific performance barriers to entitlement. If both stipulations are not present, the revenue may be recorded when received.

Results for reporting ASU 2018-08 for the year ended December 31, 2019 are presented with no effect on net assets or previously issued financial statements.

Note 2 ~ Pledges and Grants Receivable

The Organization has received commitments which are extending over a multi-year period. These funds may be used for general operations with no donor restrictions.

The pledges outstanding at December 31:

Due within 12 months	\$165,000
Due within 24 months	<u>45,000</u>
Total	<u>\$210,000</u>

The grant receivable at December 31:

Due within 12 months	<u>\$29,395</u>
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Note 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 to be forfeited at the end of the calendar year, allowing a maximum carryover of five days per employee. As of December 31, 2019, a total of \$7,901 is accrued for unpaid compensated absences.

WESTERN LANDOWNERS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 4 ~ Net Assets

With donor restrictions

Purpose and time restricted

The donor-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.

Donor-restricted net assets consists of the following at December 31:

Programs currently in-process	\$156,839
Pledges outstanding	210,000
Future programs for which funds have been received	<u>10,100</u>
Total	<u>\$376,939</u>

Note 5 ~ 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 non-current assets in the accompanying statement of activities and financial position. The contributions are recorded as support without donor restrictions unless explicit 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) require specialized skills and are performed by people with those skills, and would otherwise be purchased by the Organization.

The total donated *services* as of December 31, 2019 were \$15,995 and were used towards the programs.

Note 6 ~ Commitments and Contingencies

With Donor Restriction 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. This includes the matching requirements for specific grants as identified in the grant agreement and relates primarily to the grant received from government agencies. The Organization received a cost-reimbursement grant from a government entity in the amount of \$231,660 in 2018 for a period of performance from January 1, 2019 to December 31, 2021 that requires a non-federal match requirement in the amount of \$315,000. This is being carefully monitored so as to comply with the match requirement by the end of the grant term.

WESTERN LANDOWNERS ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

Note 6 ~ Commitments and Contingencies (continued)

Office Lease

The Organization has a lease agreement for office space currently occupied. The current lease expires on October 31, 2020. The commitment as of December 31 is as follows:

Lease commitment January to October 2020 ~ \$17,000

Note 7 ~ Related Parties

Various Western Landowners Alliance, Inc. board members made contributions to the Organization which aggregated \$137,127 for the year ended December 31, 2019. The support is used towards the Organization's exempt purpose and operations.

Note 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.

Note 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	\$418,666
Pledges and grant receivable	<u>239,395</u>
Total financial assets available	658,061

Less amounts not available to be used within one year:

Funds committed to programs in-process	(166,939)
Pledges outstanding ~ long-term	(45,000)
Total amounts not available to be used	<u>(211,939)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$446,122</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, 2019

Note 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 August 28, the date the financial statements may be issued.

Note 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.

Note 12 ~ Covid-19 Pandemic

Economic uncertainties have arisen as a result of the worldwide spread of the Covid-19 coronavirus which have impacted the Organization and the ability to do fundraising. The pandemic may cause an economic downturn which could affect future donations. The Organization has been working on minimizing costs to avoid layoffs. In light of the uncertainty of the duration of the pandemic, the full impact is unknown at this time. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.