

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

**(A Not-for-Profit Corporation)**

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

**December 31, 2021**

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

**WESTERN LANDOWNERS' ALLIANCE, INC.**  
**FINANCIAL STATEMENTS**  
December 31, 2021

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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.

### **Opinion**

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Landowners' Alliance, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Landowners' Alliance, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Western Landowners' Alliance, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Landowners' Alliance, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Santa Fe, New Mexico  
September 9, 2022

**WESTERN LANDOWNERS' ALLIANCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2021

**ASSETS**

**Assets**

Current Assets	
Cash	\$ 642,922
Accounts receivable	5,000
Pledges and grants receivable	233,422
Prepaid expenses	664
Total Current Assets	<u>882,008</u>
Pledges receivable long-term	<u>265,000</u>
<b>Total Assets</b>	<b><u><u>\$ 1,147,008</u></u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Current Liabilities	
Accounts payable	\$ 12,814
Accrued compensated absences	12,262
<b>Total Liabilities</b>	<u>25,076</u>

**Net assets**

Without donor restrictions	459,102
With donor restrictions	662,830
<b>Total Net Assets</b>	<u>1,121,932</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,147,008</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, 2021

	<u><i>Without donor restrictions</i></u>	<u><i>With donor restrictions</i></u>	<u><i>Total</i></u>
<b><u>Support and other revenue</u></b>			
Contributions	\$ 514,380	\$ 900,497	\$ 1,414,877
Government grants	148,434	-	148,434
Program revenue	66,516	-	66,516
Other revenue	12,322	-	12,322
Investment income	(135)	-	(135)
Net assets released from restriction	608,319	(608,319)	-
	<u>\$ 1,349,836</u>	<u>\$ 292,178</u>	<u>\$ 1,642,014</u>
 <b><u>Expenses</u></b>			
Program services			
<i>Stewardship</i>	\$ 439,588	\$ -	\$ 439,588
<i>Policy</i>	395,146	-	395,146
<i>Communication</i>	183,693	-	183,693
Total program services	<u>1,018,427</u>	<u>-</u>	<u>1,018,427</u>
Support services			
<i>Development</i>	166,778	-	166,778
<i>Administrative</i>	119,443	-	119,443
Total support services	<u>286,221</u>	<u>-</u>	<u>286,221</u>
Total expenses	<u>\$ 1,304,648</u>	<u>\$ -</u>	<u>\$ 1,304,648</u>
 <b>Change in net assets</b>	 <u>\$ 45,188</u>	 <u>\$ 292,178</u>	 <u>\$ 337,366</u>
 <b>Net assets, beginning of year</b>	 <u>\$ 413,914</u>	 <u>\$ 370,652</u>	 <u>\$ 784,566</u>
 <b>Net assets, end of year</b>	 <u>\$ 459,102</u>	 <u>\$ 662,830</u>	 <u>\$ 1,121,932</u>

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, 2021

	<b>Programs</b>				<b>Support Services</b>		<b>Total</b>
	<i>Stewardship</i>	<i>Policy</i>	<i>Communication</i>	<i>Total</i>	<i>Development</i>	<i>Administrative</i>	
Salary, wages & benefits	\$ 327,294	\$ 332,579	\$ 130,961	\$ 790,834	\$ 138,253	\$ 52,972	\$ 982,059
Professional fees	65,141	14,463	9,507	89,111	8,175	40,978	138,264
Printing & copying	3,387	22,355	23,790	49,532	6,997	146	56,675
Computer fees	8,612	8,416	3,313	20,341	3,544	3,414	27,299
Travel	16,708	2,594	427	19,729	2,544	3,045	25,318
Postage	7,352	7,185	2,828	17,365	3,025	2,915	23,305
Meetings & meals	4,619	1,217	-	5,836	136	9,719	15,691
Business promotion	144	-	10,191	10,335	500	460	11,295
Dues & subscriptions	2,759	2,696	1,061	6,516	1,135	1,094	8,745
Insurance	1,480	1,447	569	3,496	609	587	4,692
Supplies	957	1,124	443	2,524	473	456	3,453
Bank charges	41	-	113	154	877	2,344	3,375
Miscellaneous	830	-	70	900	59	879	1,838
Occupancy	-	812	319	1,131	342	329	1,802
Telephone	264	258	101	623	109	105	837
	<b>\$ 439,588</b>	<b>\$ 395,146</b>	<b>\$ 183,693</b>	<b>\$ 1,018,427</b>	<b>\$ 166,778</b>	<b>\$ 119,443</b>	<b>\$ 1,304,648</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, 2021

<b>Cash flows from operating activities:</b>	
<b>Change in net assets</b>	<b>\$ 337,366</b>
<i>Adjustments to reconcile change in net assets to net cash used by operating activities:</i>	
Donated securities	(10,552)
Realized and unrealized gains on investments	163
Changes in operating assets and liabilities:	
Change in accounts receivable	(2,750)
Change in pledges and grants receivable	(223,725)
Change in prepaid expenses	(105)
Change in accounts payable	7,018
Change in accrued employee leave	1,231
Total adjustments	<u>(228,720)</u>
<b>Net cash provided by operating activities</b>	<b>108,646</b>
<b>Net cash provided by investing activities</b>	
Sale and reclassification of investments	<u>26,909</u>
<b>Net cash provided by investing activities</b>	<b>26,909</b>
<b>Net increase (decrease) in cash</b>	<b>135,555</b>
<b>Cash, beginning of year</b>	<u>507,367</u>
<b>Cash, end of year</b>	<u><u>\$ 642,922</u></u>

The Accompanying Notes Are an Integral  
Part of These Financial Statements

**WESTERN LANDOWNERS' ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

**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 and government grants.

***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, 2021.

***Liquidity***

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

***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. Included are internal restrictions imposed by the governing body.

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, 2021.

**WESTERN LANDOWNERS' ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

**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.

***Contributions***

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Restricted contributions whose restrictions are met in the same reporting period are recorded as donor restricted contributions and are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Conditional contributions, 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

***Revenue Recognition***

The Organization recognizes revenue from exchange-transactions in accordance with ASC 606, the core-principle of which is that an organization should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods and services. To achieve the core principle, five basic criteria must be met before revenue can be recognized: 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligation in the contract; and 5) recognize revenue when the organization satisfies the performance obligation.

- Program Fees ~ entrance fees are charged for the event related to Women In Ranching.
- On Land Magazine ~ a publication is generated on a semi-annual basis.

We have analyzed the provisions of the ASC as it applies to Western Landowners' Alliance Inc. Revenue related to the above represent a reciprocal transfer where benefits are substantially earned during the calendar year. Therefore, revenue is recognized on a calendar year basis coinciding with the Organization's year end of December 31<sup>st</sup>.

**WESTERN LANDOWNERS' ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

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

***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. This also includes occupancy costs, telephone, office supplies, etc., since the Organization operates totally remotely.

***Income Tax Status***

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 financial institutions and highly liquid investments. The cash includes money held in financial institutions and money market funds held by the brokerage firm. 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.

***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. No property and equipment existed as of December 31, 2021.

**WESTERN LANDOWNERS' ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

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

***Gifts in-kind***

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 donor unrestricted support unless explicit donor stipulations specify how the donated assets must be used. There were no in-kind donations for 2021.

***Advertising***

The Organization expenses the cost of advertising as incurred.

***Accounting Pronouncements***

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, 2022, extended from December 31, 2020.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. Under the new standard, gifts-in-kind are to be presented as a separate line item, instead of remaining grouped among contributions of cash or other financial assets. Additionally, gifts-in-kind are to be disaggregated into categories based on the type of gift received, with the following disclosures made for each category:

- I. Qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, a disclosure of the description of the programs or other activities in which they were used.
- II. The Policy, if any, about monetizing rather than utilizing contributed nonfinancial assets.
- III. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
- IV. A description of the valuation techniques and inputs used to arrive at fair value measure, at initial recognition.
- V. The principal market used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by donor-imposed restriction from selling or using the contributed financial assets.

The requirements of ASU 2020-07 are effective for the Organization's year ending December 31, 2022.

**WESTERN LANDOWNERS' ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2021

**Note 2 ~ Cash and Investments**

The Organization maintains cash accounts, including savings, and an investment account. The investment account was established to receive the donation of securities, which is then sold and transferred to the bank account.

Accounts consist of the following as of December 31:

	<u>Cost</u>	<u>Market</u>
Cash	\$631,974	\$631,974
Investments ~ money market	<u>10,948</u>	<u>10,948</u>
Total	<u>\$642,922</u>	<u>\$642,922</u>

The Organization reflects the investments with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities. Realized gains and losses on sales of investments are determined on the specific identification basis. The investments that are publicly traded are classified at the Level 1 category, unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted investments. Market risk could occur and is dependent on future changes in market prices of the various investments held.

**Note 3 ~ Pledges and Grants Receivable**

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

Pledges outstanding at December 31:

Due within 12 months	\$180,400
Due within 24 to 36 months	<u>265,000</u>
Total	<u>\$445,400</u>

Grants receivable at December 31:

Due within 12 months	<u>\$53,022</u>
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**Note 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, 2021, a total of \$12,262 is accrued for unpaid compensated absences.

WESTERN LANDOWNERS' ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**Note 5 ~ Net Assets**

**With donor restrictions**

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. Some grants contain conditions that require the Organization to meet certain requirements that, if not met, could require a refund to the granting entity.

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

Programs currently in-process	\$142,830
Pledges outstanding	440,000
Future programs for which funds have been received	<u>80,000</u>
Total	<u>\$662,830</u>

**Note 6 ~ Government Grants**

**National Fish and Wildlife Foundation**

The Organization has a cost-reimbursement grant with the National Fish and Wildlife Foundation for a period of performance from January 1, 2019 to December 31, 2021 with a total award of \$231,660 and a non-federal match requirement of \$315,000. The cost-reimbursement is recognized to the extent of expenditures incurred, not to exceed the grant or contract amount. The Organization carefully monitors grant requirements and believes it has met such conditions.

**Heart of the Rockies Initiative Grant**

The Organization has a cost-reimbursement grant with the Heart of the Rockies Initiative subaward agreement for a period of performance from February 25, 2021 to February 24, 2024 with a total award of \$225,000. The source of the funding for this agreement is federal funds from the Natural Resources Conservation Service. The cost-reimbursement is recognized to the extent of expenditures incurred, not to exceed the grant or contract amount. The Organization carefully monitors grant requirements. The total costs expended were \$71,183 through December 31, 2021.

**Note 7 ~ Investment Income**

The Organization's total investment activity for the year ending December 31.

Realized loss on sale of securities (net)	\$(160)
Investment income	<u>25</u>
Investment income	<u>\$(135)</u>

**WESTERN LANDOWNERS' ALLIANCE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2021

**Note 8 ~ 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	\$ 642,922
Accounts receivable	5,000
Pledges and grants receivable	<u>498,422</u>
Total financial assets available	1,146,344
Less amounts not available to be used within one year:	
Funds committed to programs in-process	(222,831)
Pledges outstanding ~ long-term	<u>(265,000)</u>
Total amounts not available to be used	<u>(487,831)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>658,513</u>

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.

**Note 9 ~ Related Parties**

Various Western Landowners Alliance, Inc. board members made contributions to the Organization which aggregated \$103,350 for the year ended December 31, 2021. The support is used towards the Organization's exempt purpose and operations.

**Note 10 ~ 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 11 ~ 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 9, 2022, the date the financial statements may be issued.

**Note 12 ~ 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.