

WESTERN LANDOWNERS' ALLIANCE, INC.

(A Not-for-Profit Corporation)

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

December 31, 2022

***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, 2022

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Carolyn H. Gonzales CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Western Landowner's Alliance, Inc.

Opinion

We have audited the accompanying financial statements of the Western Landowner's Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 the Western Landowner's Alliance, Inc. as of December 31, 2022, 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 the Western Landowner's 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 the Western Landowner's 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 the Western Landowner's 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 the Western Landowner's 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
May 19, 2023

WESTERN LANDOWNERS' ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Assets

Current Assets	
Cash	\$ 883,996
Accounts receivable	1,100
Pledges and grants receivable	852,204
Prepaid expenses	12,217
Total Current Assets	<u>1,749,517</u>
Pledges receivable long-term	<u>300,000</u>
Total Assets	<u><u>\$ 2,049,517</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities	
Accounts payable	\$ 122,132
Accrued compensated absences	18,013
Total Liabilities	<u>140,145</u>

Net assets

Without donor restriction	543,120
With donor restriction	1,366,252
Total Net Assets	<u>1,909,372</u>
Total Liabilities and Net Assets	<u><u>\$ 2,049,517</u></u>

The Accompanying Notes Are an Integral
Part of These Financial Statements

WESTERN LANDOWNERS' ALLIANCE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
<u>Support and other revenue</u>			
Contributions	\$ 627,446	\$ 1,635,500	\$ 2,262,946
Government grants	166,146	-	166,146
In-kind contributions	14,439	-	14,439
Program revenue	5,496	-	5,496
Other revenue	11,241	-	11,241
Investment income	13	-	13
Net assets released from restriction	932,078	(932,078)	-
	\$ 1,756,859	\$ 703,422	\$ 2,460,281
 <u>Expenses</u>			
Program services			
<i>Stewardship</i>	\$ 705,692	\$ -	\$ 705,692
<i>Policy</i>	365,983	-	365,983
<i>Communication</i>	249,907	-	249,907
Total program services	1,321,582	-	1,321,582
Support services			
<i>Development</i>	127,849	-	127,849
<i>Administrative</i>	223,410	-	223,410
Total support services	351,259	-	351,259
Total expenses	\$ 1,672,841	\$ -	\$ 1,672,841
 Change in net assets	 \$ 84,018	 \$ 703,422	 \$ 787,440
 Net assets, beginning of year	 \$ 459,102	 \$ 662,830	 \$ 1,121,932
 Net assets, end of year	 \$ 543,120	 \$ 1,366,252	 \$ 1,909,372

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, 2022

	<u>Programs</u>				<u>Support Services</u>		<u>Total</u>
	<i>Stewardship</i>	<i>Policy</i>	<i>Communication</i>	<i>Total</i>	<i>Development</i>	<i>Administrative</i>	
Salary, wages & benefits	\$ 470,443	\$ 308,087	\$ 116,545	\$ 895,075	\$ 42,075	\$ 127,793	\$ 1,064,943
Professional fees	138,964	27,349	31,584	197,897	54,900	55,901	308,698
Travel	33,672	16,204	6,124	56,000	11,206	16,376	83,582
Printing & copying	5,925	1,054	54,297	61,276	6,563	246	68,085
Meetings & meals	29,169	4,218	2,789	36,176	6,697	13,103	55,976
Dues & subscriptions	4,005	3,038	12,173	19,216	1,232	408	20,856
Supplies	10,972	300	1,381	12,653	2,077	615	15,345
Postage	42	489	13,183	13,714	524	754	14,992
Computer fees	5,034	1,990	5,440	12,464	868	538	13,870
Business promotion	500	-	3,430	3,930	289	3,217	7,436
Occupancy	4,925	1,076	831	6,832	254	170	7,256
Insurance	2,041	2,041	2,041	6,123	648	432	7,203
Bank charges	-	-	25	25	462	2,308	2,795
Miscellaneous	-	134	64	198	54	681	933
Telephone	-	3	-	3	-	868	871
	\$ 705,692	\$ 365,983	\$ 249,907	\$ 1,321,582	\$ 127,849	\$ 223,410	\$ 1,672,841

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, 2022

Cash flows from operating activities:	
Change in net assets	\$ 787,440
 <i>Adjustments to reconcile change in net assets to net cash used by operating activities:</i>	
Donated securities	(14,439)
Realized loss on investments	286
Changes in operating assets and liabilities:	
Change in accounts receivable	3,900
Change in pledges and grants receivable	(653,782)
Change in prepaid expenses	(11,553)
Change in accounts payable	109,318
Change in accrued compensated absences	5,751
Total adjustments	<u>(560,519)</u>
Net cash provided by operating activities	<u>226,921</u>
 Investing activities	
Sale of securities	14,153
Net cash provided by investing activities	<u>14,153</u>
 Net increase (decrease) in cash	 <u>241,074</u>
 Cash, beginning of year	 <u>642,922</u>
Cash, end of year	<u><u>\$ 883,996</u></u>

The Accompanying Notes Are an Integral
Part of These Financial Statements

WESTERN LANDOWNERS' ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 advance policies and practices that sustain working lands, connected landscapes, and native species. The Organization's vision is a future in which working lands remain whole, healthy and prosperous, providing for quality livelihoods, strong communities, thriving wildlife populations, and abundant natural resources.

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

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, 2022.

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, 2022.

WESTERN LANDOWNERS' ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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-principal 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 31st.

WESTERN LANDOWNERS' ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022.

WESTERN LANDOWNERS' ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

Advertising

The Organization expenses the cost of advertising as incurred.

Accounting Pronouncements

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 and has been adopted.

WESTERN LANDOWNERS' ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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	\$869,692	\$869,692
Investments ~ money market	<u>14,304</u>	<u>14,304</u>
Total	<u>\$883,996</u>	<u>\$883,996</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. The grants and/or pledges are comprised of donor restricted and/or unrestricted commitments.

Balances at December 31:	
Due within 12 months ~ Donor unrestricted	\$ 636,804
Due within 12 months ~ Donor restricted	215,400
Due within 24 months ~ Donor unrestricted	<u>300,000</u>
Total	<u>\$1,152,204</u>

Note 4 ~ Accrued Compensated Absences

All eligible 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. A liability for compensated absences has been recorded for the year ending December 31, 2022 totaling \$18,013.

Total accrued compensation as of December 31, 2022 is \$3,244.

WESTERN LANDOWNERS' ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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	\$ 260,926
Pledges outstanding	1,037,326
Future programs for which funds have been received	<u>68,000</u>
Total	<u>\$1,366,252</u>

Note 6 ~ Government Grants

Montana State University

The Organization has a grant with Montana State University subaward agreement for a period of performance from June 1, 2022 to May 31, 2025 with a total award of \$102,994. The source of the funding for this agreement is the USDA National Institute of Food and Agriculture. The total costs expended were \$25,749 through December 31, 2022.

Heart of the Rockies Initiative Grant

The Organization has a 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 for federal funding and \$137,000 for non-federal funding. The source of the funding for this agreement is federal funds from the Natural Resources Conservation Service. The total costs expended were \$155,428 through December 31, 2022.

US Department of Agriculture

The Organization has a grant with the Natural Resources Conservation Service for a period of performance of September 2022 to September 2023 with a total award of \$100,000 for federal funding and \$136,308 for non-federal funding. The total costs expended were \$22,873 through December 31, 2022 and in-kind services of \$8,016.

National Fish and Wildlife Foundation

The Organization has a grant for a period of performance of March 1, 2022 to February 28, 2025 with a total award of \$295,823. The total costs expended were \$49,040 through December 31, 2022 and in-kind services of \$17,427.

All are cost-reimbursement grants where revenue is recognized to the extent of expenditures incurred, not to exceed the grant or contract amount. The Organization carefully monitors the grant agreement to ascertain they are in compliance.

WESTERN LANDOWNERS' ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 6 ~ Government Grants (continued)

Per ASU 2018-08, “*Clarifying the Scope and Accounting Guidance for Contributions Received and Made*”, government grants that benefit the general public or society, are nonreciprocal transactions, recorded as contributions rather than an exchange transaction, because the government is not directly or indirectly receiving something of approximate equal value. The grants are all recorded as contributions.

Note 7 ~ Gifts In-Kind

Gifts in-kind are recorded at market value on the date of the 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.

Donated goods received during 2022 were publicly traded securities valued at a readily available market value of \$14,439 on the date of the donation. The donations were used towards general operating expenses.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services totaled \$25,443 that did not meet the qualification, however, were applied towards in-kind services for Federal grant purposes.

Note 8 ~ Investment Income

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

Realized loss on sale of securities	\$ (286)
Unrealized gain on investment	150
Investment income	<u>149</u>
Investment income (net)	<u>\$ 13</u>

WESTERN LANDOWNERS' ALLIANCE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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	\$ 883,996
Accounts receivable	1,100
Pledges and grants receivable	<u>1,152,204</u>
Total financial assets available	<u>2,037,300</u>
Less amounts not available to be used within one year:	
Funds committed to programs in process	(328,928)
Pledges outstanding ~ long-term	<u>(300,000)</u>
Total amounts not available to be used	<u>(628,928)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,408,372</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 10 ~ Related Parties

Various Western Landowners Alliance, Inc. board members made contributions to the Organization which aggregated \$332,709 for the year ended December 31, 2022. The support is used towards the Organization's exempt purpose, programs and operations.

Note 11 ~ 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 12 ~ 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 May 19, 2023, the date the financial statements may be issued.

Note 13 ~ 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.