

**THE WILDERNESS LAND TRUST**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**THE WILDERNESS LAND TRUST**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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February 12, 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Wilderness Land Trust  
Bainbridge Island, Washington

We have audited the accompanying financial statements of **The Wilderness Land Trust**, (a Colorado nonprofit corporation), which comprise the statement of financial position as of June 30, 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 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.

***Auditors' 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 of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wilderness Land Trust as of June 30, 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.

***Report on Summarized Comparative Information***

We have previously audited The Wilderness Land Trust's financial statements for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor, Roth and Company PLLC*  
Taylor, Roth and Company, PLLC  
Certified Public Accountants  
Albuquerque, New Mexico

**THE WILDERNESS LAND TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

|  | 2019                          |                            | 2018                |                     |
|--|-------------------------------|----------------------------|---------------------|---------------------|
|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Total               |
| <u>Assets</u>                                    |                               |                            |                     |                     |
| Cash and cash equivalents                        | \$ 359,145                    | \$ -                       | \$ 359,145          | \$ 206,667          |
| Receivables                                      | -                             | 50,225                     | 50,225              | 15,873              |
| Prepaid expenses                                 | 7,345                         | -                          | 7,345               | 17,392              |
| Earnest money deposits                           | -                             | 10,000                     | 10,000              | 1,400               |
| Wilderness Opportunity Fund:                     |                               |                            |                     |                     |
| Investments (Notes 4, 5)                         | 825,071                       | 1,537,717                  | 2,362,788           | 2,425,058           |
| Land available for sale or donation (Notes 5, 6) | -                             | 4,487,924                  | 4,487,924           | 2,042,509           |
| Property and equipment, net (Note 7)             | 720                           | -                          | 720                 | 360                 |
| Total assets                                     | <u>\$ 1,192,281</u>           | <u>\$ 6,085,866</u>        | <u>\$ 7,278,147</u> | <u>\$ 4,709,259</u> |
| <u>Liabilities and net assets</u>                |                               |                            |                     |                     |
| <u>Liabilities</u>                               |                               |                            |                     |                     |
| Accounts payable                                 | \$ 2,967                      | \$ -                       | \$ 2,967            | \$ 12,153           |
| Accrued interest expense                         | 8,858                         | -                          | 8,858               | 3,793               |
| Wilderness Opportunity Fund:                     |                               |                            |                     |                     |
| Grants payable                                   | -                             | -                          | -                   | 139,793             |
| Investments held for others (Note 5)             | -                             | 711,330                    | 711,330             | 711,330             |
| Land held for others (Note 5)                    | -                             | 888,248                    | 888,248             | 438,248             |
| Notes payable (Notes 5, 8)                       | -                             | 2,807,500                  | 2,807,500           | 666,500             |
| Total liabilities                                | <u>11,825</u>                 | <u>4,407,078</u>           | <u>4,418,903</u>    | <u>1,971,817</u>    |
| <u>Net assets</u>                                |                               |                            |                     |                     |
| Without donor restrictions                       |                               |                            |                     |                     |
| Undesignated                                     | 916,736                       | -                          | 916,736             | 1,218,346           |
| Net investment in property and equipment         | 720                           | -                          | 720                 | 360                 |
| Board-designated (Note 9)                        | 263,000                       | -                          | 263,000             | -                   |
|  | <u>1,180,456</u>              | <u>-</u>                   | <u>1,180,456</u>    | <u>1,218,706</u>    |
| With donor restrictions                          |                               |                            |                     |                     |
| Restricted for time and purpose (Note 10)        | -                             | 1,678,788                  | 1,678,788           | 1,518,736           |
| Total net assets                                 | <u>1,180,456</u>              | <u>1,678,788</u>           | <u>2,859,244</u>    | <u>2,737,442</u>    |
| Total liabilities and net assets                 | <u>\$ 1,192,281</u>           | <u>\$ 6,085,866</u>        | <u>\$ 7,278,147</u> | <u>\$ 4,709,259</u> |

The accompanying notes are an integral part of these financial statements

**THE WILDERNESS LAND TRUST**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

|   | 2019                          |                            | 2018                |                     |
|---|-------------------------------|----------------------------|---------------------|---------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Total               |
| <u>Revenue and other support</u>                |                               |                            |                     |                     |
| Contributions                                   | \$ 338,267                    | \$ 324,557                 | \$ 662,824          | \$ 509,334          |
| Grant revenues                                  | 105,000                       | 22,000                     | 127,000             | 341,485             |
| Gains(losses) on property transfers             | 94,347                        | -                          | 94,347              | 995,962             |
| Expense reimbursements                          | 34,893                        | -                          | 34,893              | 69,242              |
| Investment income                               | 24,987                        | -                          | 24,987              | 10,528              |
| Land donations                                  | -                             | -                          | -                   | 4,501               |
| In-kind contributions                           | 350                           | -                          | 350                 | 1,075               |
| Net assets released from restrictions (Note 11) | 178,576                       | (178,576)                  | -                   | -                   |
| <b>Total revenue and support</b>                | <b>776,420</b>                | <b>167,981</b>             | <b>944,401</b>      | <b>1,932,127</b>    |
| <u>Expense</u>                                  |                               |                            |                     |                     |
| Land program services                           | 622,766                       | -                          | 622,766             | 643,362             |
| <u>Supporting services</u>                      |                               |                            |                     |                     |
| Management and general                          | 93,253                        | -                          | 93,253              | 104,224             |
| Development                                     | 106,580                       | -                          | 106,580             | 112,043             |
| <b>Total expense</b>                            | <b>822,599</b>                | <b>-</b>                   | <b>822,599</b>      | <b>859,629</b>      |
| Unusual item                                    | -                             | -                          | -                   | (257,921)           |
| <b>Change in net assets</b>                     | <b>(46,179)</b>               | <b>167,981</b>             | <b>121,802</b>      | <b>814,577</b>      |
| Reclassification of net assets (Note 10)        | 7,929                         | (7,929)                    | -                   | -                   |
| Net assets, beginning of year                   | 1,218,706                     | 1,518,736                  | 2,737,442           | 1,922,865           |
| <b>Net assets, end of year</b>                  | <b>\$ 1,180,456</b>           | <b>\$ 1,678,788</b>        | <b>\$ 2,859,244</b> | <b>\$ 2,737,442</b> |

The accompanying notes are an integral part of these financial statements

**THE WILDERNESS LAND TRUST**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

|                            | 2019                     |                              |                   | 2018              |                   |
|----------------------------|--------------------------|------------------------------|-------------------|-------------------|-------------------|
|                            | Supporting Services      |                              |                   |                   |                   |
|                            | Land Program<br>Services | Management<br>and<br>General | Development       | Total             | Total             |
| Salaries                   | \$ 225,460               | \$ 21,327                    | \$ 57,888         | \$ 304,675        | \$ 266,569        |
| Payroll taxes and benefits | 52,140                   | 4,932                        | 13,387            | 70,459            | 61,924            |
| Professional fees          | 141,596                  | 4,562                        | -                 | 146,158           | 202,189           |
| Appraisals and surveys     | 52,250                   | -                            | -                 | 52,250            | 42,925            |
| Accounting                 | 18,732                   | 32,308                       | -                 | 51,040            | 49,272            |
| Travel                     | 34,764                   | 3,289                        | 8,925             | 46,978            | 53,478            |
| Board expense (meetings)   | -                        | 20,131                       | -                 | 20,131            | 12,392            |
| Closing fees               | 17,237                   | -                            | -                 | 17,237            | 54,772            |
| Dues and subscriptions     | 12,098                   | 1,145                        | 3,106             | 16,349            | 7,350             |
| Interest                   | 13,709                   | -                            | -                 | 13,709            | 30,283            |
| Information technology     | 9,271                    | 877                          | 2,380             | 12,528            | 6,161             |
| Property taxes and fees    | 10,287                   | -                            | -                 | 10,287            | 9,659             |
| Marketing                  | -                        | 1,949                        | 7,795             | 9,744             | 10,065            |
| Rehabilitation             | 9,537                    | -                            | -                 | 9,537             | -                 |
| Office rent                | 6,769                    | 640                          | 1,738             | 9,147             | 17,177            |
| Training and conferences   | 5,745                    | 544                          | 1,475             | 7,764             | 6,777             |
| Insurance                  | 5,190                    | 491                          | 1,333             | 7,014             | 9,971             |
| Communication              | 4,476                    | 423                          | 1,149             | 6,048             | 3,802             |
| Donor database             | -                        | -                            | 3,774             | 3,774             | 3,788             |
| Office supplies            | 2,097                    | 199                          | 538               | 2,834             | 3,999             |
| Postage                    | 874                      | 83                           | 224               | 1,181             | 3,690             |
| All other                  | -                        | 303                          | 2,731             | 3,034             | 3,025             |
|                            | 622,232                  | 93,203                       | 106,443           | 821,878           | 859,268           |
| Depreciation               | 534                      | 50                           | 137               | 721               | 361               |
| Total expense              | <u>\$ 622,766</u>        | <u>\$ 93,253</u>             | <u>\$ 106,580</u> | <u>\$ 822,599</u> | <u>\$ 859,629</u> |

The accompanying notes are an integral part of these financial statements

**THE WILDERNESS LAND TRUST**  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

|  | <u>2019</u>        | <u>2018</u>        |
|--|--------------------|--------------------|
| <u>Cash flows from operating activities</u>  |                    |                    |
| Change in net assets   | \$ 121,802         | \$ 814,577         |
| Adjustments to reconcile change in net assets to net cash provided by operating activities |                    |                    |
| Depreciation   | 721                | 361                |
| Donated securities   | (1,166)            | (128,129)          |
| <u>Changes in operating assets and liabilities</u>   |                    |                    |
| (Increase)decrease in receivables  | (34,352)           | (15,873)           |
| (Increase)decrease in prepaid expenses   | 10,047             | 2,514              |
| (Increase)decrease in earnest money deposits   | (8,600)            | (1,400)            |
| (Increase)decrease in land available for sale or donation                                  | (2,445,415)        | 5,940,680          |
| Increase(decrease) in accounts payable   | (9,186)            | (1,595)            |
| Increase(decrease) in accrued interest expense   | 5,065              | (15,762)           |
| Increase(decrease) in grants payable   | (139,793)          | (85,207)           |
| Increase(decrease) in investments held for others  | -                  | 35,247             |
| Increase(decrease) in land held for others   | 450,000            | (2,746,950)        |
| Net cash provided(used) by operating activities  | <u>(2,050,877)</u> | <u>3,798,463</u>   |
| <u>Cash flows from investing activities</u>  |                    |                    |
| (Purchases) of equipment   | (1,081)            | -                  |
| Sales of investments   | 939,426            | 310,806            |
| (Purchases) of investments   | (875,990)          | (1,745,896)        |
| Net cash provided(used) by investing activities  | <u>62,355</u>      | <u>(1,435,090)</u> |
| <u>Cash flows from financing activities</u>  |                    |                    |
| Borrowings on notes payable  | 2,410,000          | 130,000            |
| (Repayments) of notes payable  | (269,000)          | (2,410,000)        |
| Net cash provided(used) by financing activities  | <u>2,141,000</u>   | <u>(2,280,000)</u> |
| Net increase(decrease) in cash   | 152,478            | 83,373             |
| Cash and cash equivalents, beginning of year   | 206,667            | 123,294            |
| Cash and cash equivalents, end of year   | <u>\$ 359,145</u>  | <u>\$ 206,667</u>  |
| Supplemental disclosure of information:  |                    |                    |
| Cash paid during the period for interest   | <u>\$ 8,644</u>    | <u>\$ 46,045</u>   |

The accompanying notes are an integral part of these financial statements



**THE WILDERNESS LAND TRUST**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

The Wilderness Land Trust, a Colorado nonprofit corporation (the Trust), was incorporated in 1992 for the purpose of acquiring private lands in current and potential wilderness areas from willing sellers and transferring those lands to public ownership so that all generations of Americans will enjoy an enduring source of wilderness. The Trust is supported primarily through contributions and foundation grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Trust have been prepared in accordance with U. S. generally accepted accounting principles, which require the Trust to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Trust. These net assets may be used at the discretion of the Trust's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Trust or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

3. Cash and Cash Equivalents

Cash and cash equivalents are considered to be all unrestricted highly liquid investments held for operational purposes with an initial maturity of three months or less.

4. Contributions Receivable

Unconditional contributions receivable are recognized as revenues in the period received. Conditional contributions receivable are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. The Trust uses the allowance method to determine uncollectible contributions receivable. Management has determined that no allowance is necessary as of June 30, 2019.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (continued)

4. Contributions Receivable (concluded)

The Trust receives grants from private organizations to be used for the purchase of land inholdings and general operating expenses.

5. Contributions of Property and Equipment

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

6. Capitalization and Depreciation

The Trust follows the practice of capitalizing all expenditures for land, buildings, and equipment of \$1,000 or more. The fair value of donated assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 7 years.

7. Land Inholdings

Parcels of privately owned lands contained within federally-designated wildernesses are termed land inholdings.

8. Land Acquisition Costs and Reimbursements

Costs related to land acquisitions are incurred routinely for land that may or not be acquired by the Trust. Due to the uncertainty related to these expenses, the Trust capitalizes all land acquisition related expenses if the land purchase is completed during the same fiscal year or within 30 days of the fiscal year-end. All other costs are expensed as incurred. In addition, some acquisition expenses may be reimbursed to the Trust as a part of the purchase agreement. Reimbursements are recorded in the fiscal year in which payment is received.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Fair Value Measurements

The Trust follows the provisions of the *Fair Value Measurements and Disclosures* Topic of FASB ASC, which require use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

11. Income Taxes

The Trust is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (concluded)

12. Functional Reporting of Expenses

For the year ended June 30, 2019, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of salaries and other payroll-related costs are based on time studies which established percentages of time for staff for each functional area. Other shared expenses, such as occupancy costs, office expenses, telecommunications, information technology, and dues and subscriptions, are based on management's analysis of the use and benefits derived for each functional area.

13. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses net asset classification, information about liquidity, information provided about expenses, and consistency in reporting investment return. The Trust has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

14. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

15. Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

16. Subsequent Events

Management has evaluated subsequent events through February 12, 2020, the date the financial statements were available to be issued.

NOTE 3 - AVAILABILITY AND LIQUIDITY

The following represents the Trust's financial assets at June 30, 2019:

| <u>Description</u>   | <u>Amount</u>            |
|--|--------------------------|
| Cash and cash equivalents  | \$ 359,145               |
| Receivables  | 50,225                   |
| Investments  | <u>2,362,788</u>         |
| Financial assets available at year-end   | <u>2,772,158</u>         |
| Less amounts not available to be used within one year:                             |                          |
| Net assets with donor restrictions   | 1,678,788                |
| Less net assets with donor restrictions to be met in<br>less than a year           | (50,225)                 |
| Board-designated net assets  | 263,000                  |
| Restricted cash balance - Packard loan   | <u>77,000</u>            |
| Amounts not available to be used within one year                                   | <u>1,968,563</u>         |
| Financial assets available to meet general expenditures<br>over the next 12 months | <u><u>\$ 803,595</u></u> |

Management's goal is generally to maintain financial assets to meet approximately 6 months of operating expenses, estimated at \$400,000, in the event of unexpected circumstances. As part of the Trust's liquidity management, cash in excess of daily requirements is invested in short-term investments, typically money market and savings accounts. In addition to the above amounts, the Trust has a \$400,000 revolving line of credit on an investment account. The Trust arranges advance funding from grants, contributions, and loans for the majority of its acquisitions of land inholdings. Notes payable are repaid with the proceeds from sales of land inholdings to the federal government.

NOTE 4 - INVESTMENTS

Investments consisted of cash and money market accounts held for restricted purposes. The value of the investments approximates cost.

NOTE 5 - THE WILDERNESS OPPORTUNITY FUND

The Trust acquires land from willing landowners and then conveys the land to public agencies for protection, usually within one to five years. When land is sold to public agencies, the funds used to acquire land are re-deposited and used for future land purchases. The land purchases are financed by what the Trust refers to as the "The Wilderness Opportunity Fund" (the Fund). The Fund is a revolving loan fund that includes all of the Trust's assets and liabilities restricted for land acquisition. The funding received by the Fund came from a variety of sources, including grants, contributions, and loans from private foundations and individuals. Gains on land sales, if any, are recorded as revenue without donor restrictions of the Trust unless the agreement with the financing source stipulates otherwise.

NOTE 5 - THE WILDERNESS OPPORTUNITY FUND (concluded)

As of June 30, 2019, two of the funding sources included in the Fund stipulate that the Trust has a legal obligation to transfer land purchased with these sources to agencies of the federal government. Therefore, the Trust considers assets held on account of these funding source to be assets held for third parties, and the Trust records offsetting liabilities for these amounts. As of June 30, 2019, assets held for third parties in the Fund included \$1,149,578 from the Wyss Foundation and \$450,000 from Resource Legacy Foundation. In general, the Trust does not have an obligation to restore losses on land sales financed with these funds. However, the agreement with the Wyss Foundation stipulates that gains on sales of property financed by assets provided by the Wyss Foundation are unrestricted, but only if cumulative losses on land financed by the Wyss Foundation have been restored to the Fund. As of June 30, 2019, the Trust has incurred a total of \$88,719 in losses on land financed by the Wyss Foundation. This amount will be restored to the Fund if future land sales financed with this source result in gains.

As of June 30, 2019, the detail of the assets and liabilities of the Fund included:

| <u>Assets</u>                     | <u>Amount</u>              |
|-----------------------------------|----------------------------|
| Investments (by source):          |                            |
| Wyss Foundation                   | \$ 711,330                 |
| Grants                            | 645,377                    |
| Donors                            | 151,485                    |
| Lenders                           | 22,500                     |
| Resource Legacy Foundation        | <u>7,025</u>               |
| Investments, subtotal             | 1,537,717                  |
| Receivables - land related        | 225                        |
| Land and easement deposits        | <u>4,497,924</u>           |
| Total assets                      | <u><u>\$ 6,035,866</u></u> |
| <br>                              |                            |
| <u>Liabilities and Net Assets</u> |                            |
| Investments held for others       | \$ 711,330                 |
| Land held for others              | 888,248                    |
| Notes payable (Note 8)            | <u>2,807,500</u>           |
| Total liabilities                 | <u>4,407,078</u>           |
| Total net assets                  | <u>1,628,788</u>           |
| Total liabilities and net assets  | <u><u>\$ 6,035,866</u></u> |

NOTE 6 - LAND AVAILABLE FOR SALE OR DONATION

As part of its normal operations, the Trust was involved in various stages of negotiation for the purchase of real property at June 30, 2019. Purchase and sale agreements were executed with various contingencies for inspection period, seller requirements, etc. Some of these negotiations will result in completed acquisitions in the following fiscal year. All land held by the Organization is classified as net assets with donor restrictions because of the inherent restrictions on the land and related financing sources.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of:

| <u>Description</u>             | <u>Amount</u> |
|--------------------------------|---------------|
| Office equipment               | \$ 9,614      |
| Office furniture               | 4,298         |
| Total                          | 13,912        |
| Less: accumulated depreciation | (13,192)      |
| Net property and equipment     | <u>\$ 720</u> |

Depreciation expense for the year was \$ 721.

NOTE 8 - NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2019:

| <u>Description</u>   | <u>Amount</u>    |
|--|------------------|
| <b>David and Lucille Packard Foundation</b>  |                  |
| Chuck River/Windham Bay purchase funds: dated April 9, 2017; matures April 15, 2022 or upon sale of property; stated interest rate of 1.00%; interest paid annually; secured by first deed of trust; 50% restricted cash balance required        | \$ 154,000       |
| Trout Creek III purchase funds: dated October 19, 2018; matures October 19, 2021 or upon sale of property; stated interest rate of 1.00%; interest paid annually; secured by first deed of trust   | 410,000          |
| Little Castle Lake purchase funds: dated June 27, 2019; matures June 27, 2024 or upon sale of property; stated interest rate of 1.50%; interest paid annually; secured by first deed of trust  | 1,900,000        |
| Subtotal, David and Lucille Packard Foundation   | <u>2,464,000</u> |
| <b>Southeast Alaska Land Trust</b>   |                  |
| Chuck River/Windham Bay purchase funds: dated May 23, 2017; originally scheduled to mature May 23, 2019; subsequently modified to mature May 23, 2020 or upon sale of property; 1.00% interest due at maturity of loan; secured by deed of trust | 2,500            |
| <b>San Luis Obispo Parks and Open Space Foundation</b>   |                  |
| Trout Creek III purchase funds: dated September 21, 2018; scheduled to mature September 21, 2020; imputed interest rate of 1.50%; unsecured  | 25,000           |
| Subtotal, Organizations  | <u>27,500</u>    |

NOTE 8 - NOTES PAYABLE (continued)

| <u>Description</u>   | <u>Amount</u>              |
|--|----------------------------|
| <b>Individuals</b>   |                            |
| Ryan: dated January 1, 2011; originally scheduled to mature December 31, 2012; subsequently modified to mature December 31, 2018; stated interest rate of 1.00%; unsecured   | 10,000                     |
| Hiatt: dated September 15, 2015; originally scheduled to mature November 1, 2017; subsequently modified to mature December 31, 2019; stated interest rate of 2.00%; secured by deed of trust on McCullough Springs       | 75,000                     |
| Beyer: dated January 26, 2017; originally scheduled to mature January 26, 2019, modified to mature January 26, 2020 or upon sale of property; stated interest rate of 1.00%; secured by deed of trust on Grand View Lode | 23,000                     |
| Loram: dated January 26, 2017; originally scheduled to mature January 26, 2019; modified to mature January 26, 2020 or upon sale of property; stated interest rate of 1.00%; secured by deed of trust on Grand View Lode | 100,000                    |
| Wade: dated January 26, 2017; originally scheduled to mature January 26, 2019; modified to mature January 26, 2020 or upon sale of property; stated interest rate of 1.00%; secured by deed of trust on Grand View Lode  | 23,000                     |
| Redden: dated September 21, 2018; scheduled to mature September 21, 2020; imputed interest rate of 1.50%; principal and interest due on maturity; unsecured; to be used for purchase of Trout Creek III                  | 5,000                      |
| Shaw: dated September 21, 2018; matured September 21, 2019; stated interest rate of 2.51%; principal and interest due on maturity; unsecured; to be used for purchase of Trout Creek III                                 | 70,000                     |
| Fisher: dated January 1, 2019; scheduled to mature December 31, 2020; stated interest rate of 1.00%; unsecured   | 10,000                     |
| Subtotal, Individuals  | <u>316,000</u>             |
| Total  | <u><u>\$ 2,807,500</u></u> |

Interest expense related to notes payable for the year ended June 30, 2019 was \$ 13,709. Interest has been imputed for below-market rate loans.

NOTE 8 - NOTES PAYABLE (concluded)

The future scheduled maturities for the fiscal years ending June 30<sup>th</sup> are:

| <u>Year</u> | <u>Amount</u>              |
|-------------|----------------------------|
| 2020        | \$ 293,500                 |
| 2021        | 50,000                     |
| 2022        | 564,000                    |
| 2023        | -                          |
| 2024        | 1,900,000                  |
| Total       | <u><u>\$ 2,807,500</u></u> |

NOTE 9 - BOARD-DESIGNATED NET ASSETS

At year-end, board-designated net assets included the following:

| <u>Description</u>                   | <u>Amount</u>            |
|--------------------------------------|--------------------------|
| Little Castle Lake - operating costs | \$ 200,000               |
| Legal defense fund                   | 53,000                   |
| Land stewardship reserve             | 10,000                   |
| Total                                | <u><u>\$ 263,000</u></u> |

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

At year-end, net assets with donor restrictions included the following:

| <u>Description</u>   | <u>Cash,<br/>Receivables,<br/>Investments</u> | <u>Land, Net of<br/>Liabilities</u> | <u>Total</u>               |
|--|---|-------------------------------------|----------------------------|
| Wilderness Acquisition Funds                                   | \$ 797,640                                    | \$ 668,627                          | \$ 1,466,267               |
| Catto Foundation Fund  | 21,945  | 28,656                              | 50,601                     |
| RLFF Wilderness Acquisition Fund                               | 7,025   | -                                   | 7,025                      |
| Unrestricted net assets, capitalized<br>with land acquisitions | -   | 104,895                             | 104,895                    |
| Total, Wilderness Opportunity<br>Fund (Note 4)                 | <u>826,610</u>                                | <u>802,178</u>                      | <u>1,628,788</u>           |
| Contributions receivable                                       | 50,000  | -                                   | 50,000                     |
| Total  | <u><u>\$ 876,610</u></u>                      | <u><u>\$ 802,178</u></u>            | <u><u>\$ 1,678,788</u></u> |

Some acquisition costs of land held by the Wilderness Opportunity Fund were paid for with net assets without donor restrictions. As of June 30, 2019, a total of \$104,895 of net assets without donor restrictions was capitalized with donor-restricted land. In the current year, \$7,929 in net assets with donor restrictions was reclassified to net assets without donor restrictions. These amounts are reclassified to net assets without donor restrictions when the land is sold or transferred.



NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year ended June 30, 2019, net assets were released from restrictions as follows:

| <u>Description</u>   | <u>Amount</u>     |
|--|-------------------|
| Resource Legacy Foundation grants for Eastern Sierras projects | \$ 62,000         |
| Wilderness Opportunity Fund                                    | 51,576            |
| Mt. Baker project  | 50,000            |
| Rimrock Rose Ranch   | 10,000            |
| Northwest Citizens for Wilderness Mining                       | 5,000             |
| Total  | <u>\$ 178,576</u> |

NOTE 12 - COMMITMENTS AND CONTINGENCIES

*Operating Lease*

The Trust has an operating lease for office space which expires February 2020. The lease contains an annual renewal option. Rent expense for the lease was \$ 9,147 for the year ended June 30, 2019.

*Wilderness Rehabilitation*

The Trust may be potentially responsible for the restoration of properties prior to their conveyance to the federal government. The purpose of the restoration efforts is to remove structures or modify other features of the land to make the properties more consistent with a state of wilderness. The Trust considers these efforts a cost of sales, and management cannot estimate at this time the costs that may be incurred for all properties held as of June 30, 2019, because this will be negotiated in the future with purchasers.

*Conveyance of Properties to the U. S. Government*

The Trust purchases inholdings based on a prioritization methodology that considers conservation issues as well as federal land management agencies' readiness to add the inholding to the National Wilderness Preservation System. As a result, the Trust's purchases and rehabilitation efforts are done in coordination and negotiation with federal land management agencies. However, the Trust bears the risks and responsibilities related to ownership of the inholding before it is conveyed to an agency of the U. S. Government. In addition, the Trust bears the risk that the U. S. Government does not fulfill obligations negotiated related to a land acquisition.

*Contingent Contribution Receivable*

As of June 30, 2019, a grantor has promised \$200,000 to the Trust to support the acquisition of wilderness inholdings. This contribution receivable has not been recorded in the financial statements because it is contingent on future events.

NOTE 13 - CONCENTRATIONS OF RISK – CASH DEPOSITS

At June 30, 2019, the Trust maintained cash assets in a bank and an investment brokerage that exceeded the coverage offered by the Federal Deposit Insurance Corporation. The uninsured balance was \$322,939.

NOTE 14 - PENSION PLAN

The Trust sponsors a Simplified Employee Pension (SEP) plan. The Trust contributes up to 15 percent of eligible employees' annual compensation. During the year ended June 30, 2019, the Trust contributed \$ 44,181 to the plan.

NOTE 15 - LINE OF CREDIT

The Trust has a revolving line of credit with a maximum limit of \$400,000. The credit agreement is with the Trust's investment brokerage, and the investments are pledged as collateral. The Trust did not draw on the line of credit during the current year, and there is no balance due as of June 30, 2019.

NOTE 16 - NORTHWEST CITIZENS FOR WILDERNESS MINING

During the year ended June 30, 2017, the Trust completed the acquisition of the Northwest Citizens for Wilderness Mining Company (the Corporation), a C corporation registered in the state of Montana. The Corporation's only assets are 42 unpatented mining claims located across approximately 400 acres in the proposed Scotchman Peaks Wilderness area in northwest Montana. The Corporation exists to hold the mining claims; the Corporation does not have any current operational activities. The Corporation does not have any other assets other than the mining claims, nor does it have any liabilities. Once a year, the Corporation pays approximately \$13,500 for annual maintenance fees on the mining claims to the Bureau of Land Management. The acquisition of the Corporation by the Trust occurred through the purchase of all 500 of its outstanding shares for a nominal price of \$50.

The Trust intends to continue to hold the mining claims within the Corporation and to develop the mining claims within the guidelines established by The Wilderness Act. If the federal government designates the Scotchman Peaks Wilderness as a designated protected wilderness area, the Trust will consider abandoning the mining claims.

These financial statements have not been modified to include the effects of this investment because it is considered immaterial to the financial statements.