

THE WILDERNESS LAND TRUST  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

THE WILDERNESS LAND TRUST  
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# Newland and Company

A Professional Corporation

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of  
The Wilderness Land Trust  
Helena, Montana

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Wilderness Land Trust as of June 30, 2021, and the changes in its net assets and its cash flows the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, The Wilderness Land Trust adopted Accounting Standards Updates issued by the Financial Accounting Standards Board to comply with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to these matters.

### **Report on Summarized Comparative Information**

We have previously audited The Wilderness Land Trust's financial statements for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those financial statements in our report dated December 16, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Newland and Company*

NEWLAND AND COMPANY  
A Professional Corporation

Butte, Montana  
December 13, 2021

THE WILDERNESS LAND TRUST  
STATEMENT OF FINANCIAL POSITION  
June 30, 2021  
(With Comparative Totals as of June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 573,321	\$ -	\$ 573,321	\$ 66,720
Accounts receivable	12,461	-	12,461	4,700
Prepaid expenses	7,947	-	7,947	40,630
Earnest money deposits	-	1,000	1,000	3,000
Wilderness Opportunity Fund:				
Investments (Notes 5, 6)	671,128	1,644,420	2,315,547	2,663,826
Land available for sale or donation (Notes 6, 7)	-	4,544,548	4,544,548	5,344,657
Property and equipment, net (Note 8)	1,513	-	1,513	3,020
<b>TOTAL ASSETS</b>	<b>\$ 1,266,369</b>	<b>\$ 6,189,968</b>	<b>\$ 7,456,337</b>	<b>\$ 8,126,553</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,493	\$ -	\$ 7,493	\$ 2,143
Interest payable	4,096	-	4,096	23,842
Payroll liabilities	1,237	-	1,237	1,067
Wilderness Opportunity Fund:				
Investments held for others (Note 6)	-	452,640	452,640	685,747
Land held for others (Note 6)	-	2,327,049	2,327,049	2,188,331
Notes payable (Notes 6, 9)	84,610	985,000	1,069,610	2,234,457
<b>TOTAL LIABILITIES</b>	<b>97,436</b>	<b>3,764,689</b>	<b>3,862,125</b>	<b>5,135,587</b>
<b>NET ASSETS</b>				
Without donor restrictions				
Undesignated	1,104,420	-	1,104,420	698,258
Net investment in property and equipment	1,513	-	1,513	3,020
Board designated (Note 10)	63,000	-	63,000	223,979
Total without donor restrictions	1,168,933	-	1,168,933	925,257
With donor restrictions (Note 11)	-	2,425,279	2,425,279	2,065,709
<b>TOTAL NET ASSETS</b>	<b>1,168,933</b>	<b>2,425,279</b>	<b>3,594,212</b>	<b>2,990,966</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,266,369</b>	<b>\$ 6,189,968</b>	<b>\$ 7,456,337</b>	<b>\$ 8,126,553</b>

The Notes to the Financial Statements are an integral part of this statement

THE WILDERNESS LAND TRUST  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Gains on property transfers	\$ 412,251	\$ 267	\$ 412,518	\$ 26,228
Contributions	272,833	405,472	678,305	480,747
Grant revenues	75,000	100,000	175,000	220,000
Expense reimbursements	24,786	-	24,786	15,900
Investment income	321	-	321	18,516
Land donation	-	50,000	50,000	252,950
Other revenue	101,055	-	101,055	17,500
In-kind contributions	230	-	230	811
	<u>886,476</u>	<u>555,739</u>	<u>1,442,215</u>	<u>1,032,651</u>
Net assets released from restrictions (Note 12)	196,169	(196,169)	-	-
Total revenues, gains, and other support	<u>1,082,645</u>	<u>359,570</u>	<u>1,442,215</u>	<u>1,032,651</u>
Expenses				
Land program services	624,326	-	624,326	690,166
Supporting services:				
Management and general	91,786	-	91,786	87,964
Fundraising and development	122,857	-	122,857	122,800
Total expenses	<u>838,969</u>	<u>-</u>	<u>838,969</u>	<u>900,930</u>
Change in net assets	243,676	359,570	603,246	131,722
Net assets, beginning of year	<u>925,257</u>	<u>2,065,709</u>	<u>2,990,966</u>	<u>2,859,244</u>
Net assets, end of year	<u>\$ 1,168,933</u>	<u>\$ 2,425,279</u>	<u>\$ 3,594,212</u>	<u>\$ 2,990,966</u>

The Notes to the Financial Statements are an integral part of this statement

THE WILDERNESS LAND TRUST  
STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	2021				2020
	Land Program Services	Supporting Services		Total	Total
		Management and General	Fundraising and Development		
Salaries	\$ 283,706	\$ 26,837	\$ 72,843	\$ 383,386	\$ 351,426
Payroll taxes and employee benefits	77,409	7,323	19,874	104,606	93,375
Accounting	-	42,714	-	42,714	36,987
Professional fees	59,580	8,040	-	67,620	95,646
Bank charges	-	296	2,667	2,963	2,469
Board meetings expense	-	-	-	-	8,932
Communication	3,042	288	781	4,111	5,130
Information technology	228	22	58	308	5,096
Dues and subscriptions	6,756	639	1,736	9,131	8,867
Insurance	5,372	508	1,379	7,259	7,372
Travel	6,613	626	1,698	8,937	49,162
Office supplies	1,384	131	355	1,870	5,001
Postage	1,343	127	345	1,815	2,206
Property taxes and fees	4,017	-	-	4,017	16,076
Training and conferences	9,419	891	2,418	12,728	23,298
Office rent	8,044	761	2,065	10,870	9,872
Rehabilitation	-	-	-	-	475
Appraisals and surveys	45,649	-	-	45,649	71,224
Closing fees and transaction support	67,230	-	-	67,230	55,386
Donor database	-	-	6,443	6,443	4,062
Marketing	-	2,477	9,909	12,386	11,924
Interest expense	33,566	-	-	33,566	34,716
Depreciation	1,115	106	286	1,507	2,228
Other	9,853	-	-	9,853	-
	<u>\$ 624,326</u>	<u>\$ 91,786</u>	<u>\$ 122,857</u>	<u>\$ 838,969</u>	<u>\$ 900,930</u>

The Notes to the Financial Statements are an integral part of this statement

THE WILDERNESS LAND TRUST  
STATEMENT OF CASH FLOWS  
For The Year Ended June 30, 2021  
(With Comparative Totals for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 603,246	\$ 131,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,507	2,228
Gain on property transfers	(412,518)	(26,228)
PPP loan forgiveness	(82,957)	-
Donated land	(50,000)	(252,950)
Decrease/(increase) in accounts receivable	(7,761)	45,526
Decrease/(increase) in prepaid expenses	32,683	(33,284)
Decrease/(increase) earnest money deposits	2,000	7,000
Proceeds from land available for sale or donation	2,689,962	882,617
Purchase of land available for sale or donation	(1,288,616)	(210,176)
Increase/(decrease) in accounts payable	5,350	(824)
Increase/(decrease) in interest payable	(19,746)	14,984
Increase/(decrease) in payroll liabilities	170	1,067
Increase/(decrease) in investments held for others	(233,107)	(25,583)
Increase/(decrease) in land held for others	-	50,083
Non-cash investment income	(321)	(18,516)
Net cash provided/(used) by operating activities	<u>1,239,892</u>	<u>567,665</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	-	(4,526)
Proceeds from sale of investments	581,558	259,870
Purchase of investments	(232,958)	(542,392)
Net cash provided/(used) by investing activities	<u>348,600</u>	<u>(287,048)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowings on notes payable	974,610	82,957
Repayments of notes payable	(2,056,500)	(656,000)
Net cash provided/(used) by financing activities	<u>(1,081,890)</u>	<u>(573,043)</u>
Net increase/(decrease) in cash and cash equivalents	506,601	(292,425)
Cash and cash equivalents, beginning of year	66,720	359,145
Cash and cash equivalents, end of year	<u>\$ 573,321</u>	<u>\$ 66,720</u>
<u>SUPPLEMENTAL DISCLOSURE:</u>		
Cash paid during the year for interest	<u>\$ 53,312</u>	<u>\$ 19,733</u>
<u>NON-CASH ACTIVITY</u>		
Donations of land and securities	<u>\$ 50,000</u>	<u>\$ 252,950</u>
Increase in land held for others liability	<u>\$ 499,000</u>	<u>\$ 1,250,000</u>
Reduction in land held for others liability	<u>\$ (360,281)</u>	<u>\$ -</u>
In kind contributions	<u>\$ 230</u>	<u>\$ 811</u>

The Notes to the Financial Statements are an integral part of this statement



THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. DESCRIPTION OF THE ORGANIZATION

The Wilderness Land Trust (the Trust), a Colorado nonprofit corporation, 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. 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 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

**Basis of Presentation**

The financial statements of the Trust have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, the Trust reports information according to the following net asset classifications:

Net assets with donor restrictions: Resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets without donor restrictions: Resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are broad limits resulting from the nature of the Trust, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors or others that are entered into in the course of its operations. Net assets without donor restrictions include resources which have been designated by the governing board or other designated funds, and the Trust's investment in property and equipment pursuant to approved governing board policy.

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue and support are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment income and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

When a donor's restriction is satisfied, either by using the resources in a manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**Contract Revenue Recognition**

Contract revenue is recognized when performance obligations are satisfied in an amount equal to the amount of transaction price allocated to that performance obligation.

**Contribution Revenue**

Contributions are recognized when cash, or other assets, and unconditional promise to give, or notification of beneficial interest is received. Contributions with donor-imposed stipulations are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Beneficiary designation in a donor's will is considered an intention to give and is not recognized until after the death of the donor and the probate court has declared the will valid and fair value of the estate has been determined.

**Grant Revenue**

The Trust's current grants are non-exchange transactions. Certain grant revenue may be classified as with donor restrictions and subsequently released from restrictions upon attaining certain performance requirements and/or the incurrence of allowable qualifying expenditures.

**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.

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Accounts Receivable**

Accounts receivable result from normal organizational operations. The Trust has an unconditional right to receive accounts receivable and they are stated at the amount the Trust expects to collect from outstanding balances. Conditional contributions receivable are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Trust uses the allowance method to determine uncollectible contributions receivable. Management has determined that no allowance is necessary as of June 30, 2021.

**Contributions of Land, Property, and Equipment**

Contributed land, property, and equipment are recorded at fair value at the date of donation.

**Capital Assets**

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

**Land Inholdings**

Parcels of privately owned lands contained within federally-designated wildernesses are termed land inholdings. The Trust receives grants and contributions from private organizations to be used for the purchase of land inholdings and general operating expenses.

**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 expenditures, 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.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Management believes that the

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

estimates and assumptions are reasonable in the circumstances; however, due to their prospective nature, actual results could differ from those estimates.

**Fair Value Measurements**

The Trust follows the provisions of Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurements) and the lowest priority to unobservable inputs for the assets and liabilities (level 3 measurements).

Level 2 investments include quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market funds are valued at the closing price on the last trading day of the fiscal year reported in the active market in which the funds are traded. There have been no changes in the methodologies used at June 30, 2021.

**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 financial statements.

**Functional Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to program services or supporting activities. Expenses related to more than one function are allocated among the programs and supporting activities 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

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

benefits derived for each functional area. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Trust.

**Description of Program and Supporting Services**

The program service of the Trust is 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. Supporting activities include management and general, fundraising and development, and membership development activities. The Trust has no membership development activities.

**Agency Transactions**

In certain instances, the Trust accepts land or assets from a contributing organization, and the Trust agrees to use those assets on behalf of or transfer those assets to a specific beneficiary specified by the contributing organization. In these instances, the Trust recognizes the asset from the contributing organization and a liability related to the specified beneficiary.

**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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Trust's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**Recently Adopted Accounting Pronouncements**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, a comprehensive new revenue recognition model that requires an entity to recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, which deferred the effective date for an additional year. In March 2016, FASB issued ASU 2016-08, which does not change the core principle of the guidance; however, it does clarify the implementation guidance on principal versus agent considerations. In April 2016, FASB issued ASU 2016-10, which clarifies two aspects of ASU 2014-09: identifying performance obligations and the licensing implementation guidance. In May 2016, FASB issued ASU 2016-12, which amends ASU 2014-09 to provide improvements and practical expedients to the new revenue recognition model. In December 2016, the FASB issued ASU 2016-20, which amends ASU 2014-09 for technical

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

corrections and to correct for unintended application of the guidance. In February 2017, FASB issued ASU 2017-05, which clarifies the scope of ASC 610-20 and affects accounting for partial sales of nonfinancial assets. The Trust adopted this accounting standard update on July 1, 2020. The new standard is required to be applied retrospectively to each prior reporting period presented (full retrospective transition method) or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application (cumulative effect method). The Trust has adopted using the cumulative effect method. The adoption of the new revenue recognition guidance does not materially affect the Trust's statements of financial position, activities, functional expenses, or cash flows.

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which improves the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by generally accepted accounting principles that is most important to the users of each entity's financial statements. The adoption of the guidance was applied retrospectively and does not materially affect the Trust's statements of financial position, activities, functional expenses or cash flows.

NOTE 3. REVENUE RECOGNITION FROM CONTRACTS WITH CUSTOMERS

**General Contract Accounting**

The Trust earns exchange contract revenue from gains on property transfers, which is part of the Trust's normal business operations, and other exchange transactions. The Trust accounts for this revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. The adoption of the new revenue recognition guidance did not materially affect the Trust's statements of financial position, activities, functional expenses, or cash flows. Topic 606 provides for a five-step model for recognizing revenue from contracts with customers as follows: 1) Identify the contract with a customer, 2) Identify performance obligations, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue as the entity satisfies a performance obligation.

Revenues are measured based on the amount of consideration specified in a contract with a customer. Revenues are recognized when and as performance obligations are satisfied. A performance obligation, as defined in ASC Topic 606, is a promise in a contract to transfer a distinct good or service to a customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue at the point in time, or over the period, in which the performance obligation is satisfied.

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3. REVENUE RECOGNITION FROM CONTRACTS WITH CUSTOMERS - CONTINUED

To determine proper revenue recognition, evaluation is considered to determine whether two or more contracts should be accounted for as more than one performance obligation. This evaluation requires significant judgement, and the decision to combine contracts or separate a combined or single contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. Contracts are considered to contain a single performance obligation if the promise to transfer individual goods or services is not separately identifiable from other promises in the contracts.

The transaction price is the amount of consideration which is expected to be entitled in exchange for transferring goods or services to the customer. The consideration promised in a contract with customers may include both fixed and variable amounts. Changes are made to the transaction price from variable amounts to the extent the amount can be reasonably estimated and recovery is probable. When a contract has a single performance obligation, the entire transaction price is attributed to that performance obligation. When a contract has more than one performance obligation, the transaction price is allocated to each performance obligation using the best estimate of the standalone selling price of each distinct good or service in the contract.

Performance obligations associated with gains on property transfers and other exchange transactions are typically accounted for as a fixed amount and as a single performance obligation satisfied at a point in time, as the goods or services are performed at a point in time. Payment is due when the performance obligation is satisfied.

ASC Topic 606 requires entities to consider significant financing components of contracts with customers. No significant financing components existed in the Trust's contracts during the year ended June 30, 2021. Warranty costs have been insignificant in recent years and the Trust believes no accrual of warranty costs is necessary.

For the year ended June 30, 2021, the Trust recognized contract revenue of \$437,037, at the time the performance obligations were satisfied.

**Contract Receivables**

Contract receivables as of June 30, 2021 totaled \$12,461. All receivables are collected to be collected within one year. Contract receivables as of June 30, 2020 totaled \$4,700.

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4. AVAILABILITY AND LIQUIDITY

The following represents the Trust's financial assets at June 30, 2021, reduced by amounts not available for general use within one year due to contractual, donor-imposed restrictions, or governing board designations:

Financial assets at year end:	
Cash and cash equivalents	\$ 573,321
Accounts receivable	12,461
Earnest money deposits	1,000
Investments	<u>2,315,547</u>
Total financial assets	<u>2,902,329</u>
Less: amounts not available to be used within one year:	
Earnest money deposits	1,000
Investments included in the Wilderness Opportunity Fund	1,644,420
Board designated net assets	<u>63,000</u>
Amounts not available to be used within one year	<u>1,708,420</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,193,909</u>

Management's goal is generally to maintain financial assets to meet approximately 6 months of operating expenses, estimated at \$430,000, 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 5. INVESTMENTS

Investments consisted of cash and money market accounts held for specified purposes of the Wilderness Opportunity Fund discussed in Note 6. The value of the investments approximates cost. Investments are valued at fair market value as discussed in Note 2. Fair market value at June 30, 2021 was \$2,315,547. Money market accounts are a level 2 investment.



THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6. 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.

As of June 30, 2021, three 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, 2021, assets held for third parties in the Fund included \$1,055,189 from the Wyss Foundation, \$474,500 from Resource Legacy Foundation, and \$1,250,000 from the California Wildlife Conservation Board. 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 without donor restriction, but only if cumulative losses on land financed by the Wyss Foundation have been restored to the Fund. As of June 30, 2021, the Trust has incurred a total of \$183,108 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.

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6. THE WILDERNESS OPPORTUNITY FUND - CONTINUED

As of June 30, 2021, the detail of the assets and liabilities of the Fund consisted of:

Assets

Investments (by source)	
Wyss Foundation	\$ 452,640
Resources Legacy Foundation	19,291
Grants	828,270
Donors	<u>344,219</u>
Investments, subtotal	<u>1,644,420</u>
Land and easement deposits	<u>4,545,548</u>
Total assets	<u><u>\$ 6,189,968</u></u>

Liabilities and Net Assets

Investments held for others	\$ 452,640
Land held for others	2,327,049
Notes payable	<u>985,000</u>
Total liabilities	<u>3,764,689</u>
Total net assets	<u>2,425,279</u>
Total liabilities and net assets	<u><u>\$ 6,189,968</u></u>

NOTE 7. 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, 2021. 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 inholdings held by the Trust are classified as net assets with donor restrictions because of the inherent restrictions on the land, related funding sources, and the specific beneficiary being the U.S. government.

THE WILDERNESS LAND TRUST  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consisted of:

<u>Description</u>	<u>Amount</u>
Office equipment	\$ 6,692
Office furniture	4,298
Total	10,990
Less: Accumulated depreciation	(9,477)
Net property and equipment	\$ 1,513

Depreciation expense for the year was \$1,507.

NOTE 9. NOTES PAYABLE

Notes payable consisted of the following as of June 30, 2021:

**David and Lucille Packard Foundation**

VetLaw purchase funds dated June 24, 2020, matures July 6, 2026 or upon sale of property; stated interest rate of 0.50%; interest paid annually; secured by first deed of trust \$ 200,000

Achenbach purchase funds dated March 30, 2021, matures March 30, 2026 or upon sale of property; stated interest rate of 0.50%; interest paid annually; secured by first deed of trust 690,000

Subtotal, David and Lucille Packard Foundation 890,000

**Individuals**

Ryan: Dated January 1, 2011; originally scheduled to mature December 31, 2012; subsequently modified to mature December 31, 2021; stated interest rate of 1.00%; unsecured 10,000

THE WILDERNESS LAND TRUST  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9. NOTES PAYABLE – CONTINUED

Hiatt: Dated September 15, 2015; originally scheduled to mature November 1, 2017; subsequently modified to mature December 31, 2021; stated interest rate of 2.00%; secured by deed of trust on McCullough Springs	75,000
Fisher: Dated January 1, 2019; scheduled to mature December 31, 2021; stated interest rate of 1.00%; unsecured	<u>10,000</u>
Subtotal, Individuals	<u>95,000</u>

**Paycheck Protection Program (PPP)**

On February 18, 2021, the Trust received loan proceeds under the PPP loan second draw provisions. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act provides loans to qualifying businesses. The loans and accrued interest is forgivable after twenty-four weeks as long as the Trust uses the loan proceeds for eligible purposes including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the loan is payable over two years at an interest rate of 1% with deferral of payments for the first six months. While the Trust currently believes that the use of the loan proceeds will meet the conditions for forgiveness of the loan, the US Small Business Administration is required to approve loan forgiveness.

	<u>84,610</u>
Total	<u><u>\$ 1,069,610</u></u>

Interest expense related to notes payable for the year ended June 30, 2021 was \$ 33,566. Interest has been imputed for below-market rate loans.

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9. NOTES PAYABLE – CONTINUED

The future scheduled maturities for the fiscal years ending June 30 are:

<u>Year</u>	
2022	\$ 179,610
2023	-
2024	-
2025	-
2026	690,000
Thereafter	200,000
Total	<u>\$ 1,069,610</u>

NOTE 10. BOARD DESIGNATED NET ASSETS

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

	<u>Amount</u>
Land stewardship reserve	\$ 10,000
Legal defense fund	<u>53,000</u>
	<u>\$ 63,000</u>

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>Cash, receivables, investments</u>	<u>Land, net of liabilities</u>	<u>Total</u>
Wilderness Opportunity Fund			
Wilderness Acquisition Funds	\$ 1,151,508	\$ 754,364	\$ 1,905,872
Catto Foundation Fund	20,981	29,753	50,734
RLFF Wilderness Acquisition Fund	19,291	944	20,235
Additional capitalized land acquisitions	-	448,438	448,438
Total	<u>\$ 1,191,780</u>	<u>\$ 1,233,499</u>	<u>\$ 2,425,279</u>

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

Some acquisition costs of land held by the Wilderness Opportunity Fund were paid for with Trust net assets with donor restrictions. As of June 30, 2021, a total of \$448,438 of Trust net assets were used and capitalized as donor restricted land. All land inholdings held by the Trust are classified as net assets with donor restrictions because of the inherent restrictions on the land, related funding sources, and the specific beneficiary being the U.S. government.

NOTE 12. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

During the year ended June 30, 2021, net assets were released from restrictions as follows:

Wilderness Opportunity Fund	\$ 156,889
Resource Legacy Foundation Operating Grants	36,500
Pledges Receivable	<u>2,780</u>
	<u>\$ 196,169</u>

NOTE 13. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS

**Operating Lease**

The Trust has an operating lease for office space which expires February 2022. The lease contains an annual renewal option. Rent expense for the lease was \$10,870 for the year ended June 30, 2021.

**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, 2021, 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

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 13. COMMITMENTS, CONTINGENCIES, AND CONCENTRATIONS -  
CONTINUED

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.

**COVID-19**

The Trust's operations may be affected by the continued ongoing outbreak of the coronavirus disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material impact on the Trust's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Trust's support and revenue, absenteeism in the Trust's labor workforce, unavailability of products and supplies used in operations, and a decline in value of assets held by the Trust.

**Concentration of Credit Risk**

The Trust maintains cash and cash equivalents in a bank and an investment brokerage institution. The Trust's cash and cash equivalents are insured, up to \$250,000, at each institution by the Federal Deposit Insurance Corporation (FDIC). At certain times throughout the year, the Trust's balance of cash and cash equivalents held at these institutions exceeded \$250,000. The Trust has not experienced, nor does it anticipate any losses with respect to such accounts.

NOTE 14. RETIREMENT 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, 2021, the Trust contributed \$52,366 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, 2021.

THE WILDERNESS LAND TRUST  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

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 \$10,000 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.

NOTE 17. SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.