



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**NEW MEXICO
WILDERNESS ALLIANCE**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2019
With Comparative Totals for 2018**

NEW MEXICO WILDERNESS ALLIANCE
For the Year Ended September 30, 2019, With Comparative Totals for 2018

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NEW MEXICO WILDERNESS ALLIANCE
As of September 30, 2019

OFFICIAL ROSTER

Board of Directors

Nancy Morton	Chair
Todd Schulke	Vice-Chair
Ken Cole	Treasurer
Joe Alcock	Secretary
Ernie Atencio	Member
Wendy Brown	Member
Sam DeGeorges	Member
Renee Frank	Member
Carol Johnson	Member
Ken Jones	Member
Brian O'Donnell	Member
Sally Paez	Member
David Soules	Member
Ann Watson	Member

Administrative Personnel

Mark Allison	Executive Director
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
New Mexico Wilderness Alliance
Albuquerque, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the New Mexico Wilderness Alliance (NM Wild) (a nonprofit organization), which comprise the statement of financial position as of September 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NM Wild as of September 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.

Emphasis of Matter

NM Wild adopted FASB accounting standards update (ASU) 2016-14. Presentation of Financial Statements of Not-For-Profit Entities, as described in Note B. The changes required by the update have been applied retrospectively to all periods presented.

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from NM Wild's September 30, 2018 financial statements. We have previously audited NM Wild's 2018 financial statements, and we issued an unmodified opinion on those audited financial statements in our report dated February 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
March 10, 2020

NEW MEXICO WILDERNESS ALLIANCE
STATEMENT OF FINANCIAL POSITION
As of September 30, 2019, With Comparative Totals For 2018

	Notes	2019	2018
ASSETS			
Current Assets			
Cash, cash equivalents, and restricted cash	C	\$ 544,530	437,982
Accounts, grants, and other receivables	I	365,863	122,911
Interest receivable		5,215	5,001
Prepaid expenses	J	75,428	23,579
Total current assets		991,036	589,473
Investments	D	617,168	398,218
Assets held by community foundation	E, F	21,529	22,333
Security deposit	K	5,698	1,992
Property and equipment	L	21,552	29,400
Total non-current assets		665,947	451,943
TOTAL ASSETS		\$ 1,656,983	1,041,416
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable		\$ 36,583	26,171
Accrued payroll		20,994	12,661
Accrued liabilities		3,824	1,668
Accrued leave		26,130	27,024
Deferred revenue	M	14,926	-
Total liabilities		102,457	67,524
Net Assets			
Net assets without donor restrictions			
Undesignated		921,647	806,669
Board designated	E	21,529	22,333
Net investment in property and equipment		21,552	29,400
Total unrestricted net assets		964,728	858,402
Net assets with donor restrictions	N	589,798	115,490
Total net assets		1,554,526	973,892
TOTAL LIABILITIES AND NET ASSETS		\$ 1,656,983	1,041,416

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDERNESS ALLIANCE
STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2019, With Comparative Totals For 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Totals</u>	<u>2018 Totals</u>
Support				
Contributions	\$ 421,420	-	421,420	513,277
Grants	663,193	679,540	1,342,733	806,800
In-kind contributions	15,183	-	15,183	875
Total support	<u>1,099,796</u>	<u>679,540</u>	<u>1,779,336</u>	<u>1,320,952</u>
Revenues				
Membership dues	133,148	-	133,148	151,956
Contracts	15,643	-	15,643	83,352
Publication and retail sales	9,018	-	9,018	12,525
Investment income	20,799	-	20,799	5,920
Program trips and events	6,140	-	6,140	13,919
Other income	448	-	448	1,471
Advertising income	-	-	-	1,275
Net assets released from restrictions	205,232	(205,232)	-	-
Total revenues	<u>390,428</u>	<u>(205,232)</u>	<u>185,196</u>	<u>270,418</u>
 Total support, revenue, & reclassifications	 <u>1,490,224</u>	 <u>474,308</u>	 <u>1,964,532</u>	 <u>1,591,370</u>
Operating Expenses				
Programs				
Wilderness protection	330,876	-	330,876	310,521
Wilderness defense	194,537	-	194,537	192,648
Wilderness range	211,384	-	211,384	133,570
Outreach and education	321,197	-	321,197	357,235
Total Programs	<u>1,057,994</u>	<u>-</u>	<u>1,057,994</u>	<u>993,974</u>
Supporting Services				
General & administrative	194,208	-	194,208	152,380
Fundraising expense	131,696	-	131,696	125,063
Total operating expenses	<u>1,383,898</u>	<u>-</u>	<u>1,383,898</u>	<u>1,271,417</u>
 Change in net assets	 106,326	 474,308	 580,634	 319,953
Net assets, beginning	<u>858,402</u>	<u>115,490</u>	<u>973,892</u>	<u>653,939</u>
Net assets, ending	<u>\$ 964,728</u>	<u>589,798</u>	<u>1,554,526</u>	<u>973,892</u>

SEE INDEPENDENT AUDITOR'S REPORT
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NEW MEXICO WILDERNESS ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended September 30, 2019, With Comparative Totals For 2018

	Program Services				Total Program	General & Administrative	Fundraising	2019 Total	2018 Total
	Wilderness Protection	Wilderness Defense	Wilderness Ranger	Outreach & Education					
Personnel expenses:									
Salaries	\$ 225,439	131,794	166,229	93,589	617,051	93,014	44,098	754,163	691,294
Payroll taxes	16,760	10,090	12,435	7,021	46,306	7,148	3,507	56,961	52,767
Payroll benefits	16,580	7,975	488	9,832	34,875	3,862	777	39,514	46,241
Retirement expense	8,243	6,007	1,125	2,585	17,960	2,987	3,210	24,157	22,895
Workers compensation	312	234	577	-	1,123	340	-	1,463	3,437
Total personnel	267,334	156,100	180,854	113,027	717,315	107,351	51,592	876,258	816,634
General expenses:									
Contractual services	3,649	3,194	863	23,348	31,054	49,149	12,440	92,643	114,019
Office rent, security and occupancy	8,783	9,483	4,925	17,475	40,666	15,703	3,195	59,564	41,821
Events and conferences	17,758	9,411	130	27,332	54,631	-	2,822	57,453	42,075
Printing and copying	908	1,425	581	36,612	39,526	2,020	11,107	52,653	60,160
Acquisition	-	-	-	25,388	25,388	-	25,388	50,776	30,226
Advertising and web	12,809	224	61	30,354	43,448	180	91	43,719	37,005
Staff travel, meals, and transportation	9,394	6,691	12,228	5,750	34,063	144	2,574	36,781	52,850
Equipment and supplies	1,110	1,483	4,697	15,439	22,729	3,589	553	26,871	12,025
Postage and delivery	41	42	-	9,090	9,173	-	4,484	13,657	14,042
Computer equipment	959	3,081	-	3,430	7,470	1,474	3,291	12,235	4,722
Dues, subscriptions, licenses, and fees	-	590	-	1,330	1,920	5,832	785	8,537	7,407
Other expenses	112	33	391	6,235	6,771	1,289	181	8,241	10,980
Telephone and internet	1,582	818	164	3,226	5,790	1,631	760	8,181	9,722
Insurance	-	-	-	-	-	5,782	-	5,782	4,700
Training	1,725	-	1,627	1,199	4,551	-	-	4,551	1,443
Auto expenses	-	-	2,901	-	2,901	-	-	2,901	1,950
Interest and financing fees	-	-	-	-	-	64	-	64	524
Total general expenses before depreciation and in-kind	58,830	36,475	28,568	206,208	330,081	86,857	67,671	484,609	445,671
Depreciation	1,962	1,962	1,962	1,962	7,848	-	-	7,848	8,237
Goods, flights, & gift cards in-kind	2,750	-	-	-	2,750	-	12,433	15,183	875
Total expenses	\$ 330,876	194,537	211,384	321,197	1,057,994	194,208	131,696	1,383,898	1,271,417

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDERNESS ALLIANCE
STATEMENT OF CASH FLOWS
For The Year Ended September 30, 2019, With Comparative Totals For 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2019</u>	<u>2018</u>
Cash received from grants & contracts	\$ 1,130,136	781,129
Cash received from contributors & others	514,058	689,843
Cash payments to vendors & contractors	(472,041)	(446,015)
Cash payments for wages & benefits	(868,819)	(829,913)
Interest income & dividends	2,410	7,223
Net cash provided/(used) by operating activities	<u>305,744</u>	<u>202,267</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(200,000)	(400,015)
Changes in endowment	804	(1,042)
Net cash provided/(used) by investing activities	<u>(199,196)</u>	<u>(401,057)</u>
 Net increase (decrease) in cash	 106,548	 (198,790)
 Cash, cash equivalents, and restricted cash, beginning of year	 <u>437,982</u>	 <u>636,772</u>
Cash, cash equivalents, and restricted cash, end of year	\$ <u>544,530</u>	<u>437,982</u>
 Reconciliation of change in net assets to cash provided/(used) by operating activities		
Change in net assets	\$ 580,634	319,953
 Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	7,848	8,237
Unrealized and realized (gains)/losses on investments	(4,113)	1,797
Reinvested interest	(14,837)	-
Changes in assets and liabilities:		
Accounts & other receivables	(243,166)	(109,023)
Prepaid expenses	(51,849)	(5,074)
Security deposit	(3,706)	-
Accounts payable	10,412	15,469
Accrued payroll	8,333	(7,346)
Accrued liabilities	2,156	(15,813)
Accrued leave	(894)	(5,933)
Deferred revenue	14,926	-
 Net cash provided/(used) by operating activities	 \$ <u>305,744</u>	 <u>202,267</u>
 Supplementary Disclosure:		
In-kind contributions	\$ 15,183	875

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019, With Comparative Totals for 2018

NOTE A – NATURE OF OPERATIONS

The New Mexico Wilderness Alliance (NM Wild) is a nonprofit corporation founded in 1997. NM Wild's purpose is to enjoy, protect, and restore wilderness in New Mexico, and to conduct research and educate the public about wilderness in New Mexico. NM Wild's main sources of support and revenue are grants, contributions, contracts, and memberships. The programs of NM Wild were redefined during the year ended September 30, 2019, to better reflect NM Wild's actual efforts in pursuit of its organizational priorities. The programs for the year ended September 30, 2019, are as follows:

1. *Wilderness Protection*: Upgrading the status of public lands. Activities directly related to increasing legislative or administrative protection designations; place-based campaign activities, including grassroots organizing, mobilization, advocacy, and communications with elected officials.
2. *Wilderness Defense*: Efforts to improve the management of public lands. Activities include a range of oversight and "watchdog" activities designed to hold agencies accountable for managing lands consistent with relevant statutes, regulations, rules, and management plans and proposals.
3. *Wilderness Ranger*: The New Mexico Wild Wilderness Ranger Program is a partnership with the US Forest Service designed to increase stewardship in wilderness areas across New Mexico. Rangers provide important services including wilderness character monitoring, trails assessment, trail clearing, campsite rehabilitation, public outreach and wilderness education. Their work provides valuable information on current wilderness conditions while enhancing public safety and contributing to positive wilderness experiences for wilderness visitors. Since 2017, we have hosted seasonal rangers in the Carson, Santa Fe, Cibola and Lincoln National Forests.
4. *Outreach and Education*: Public outreach, education, and engagement. Activities conducted to foster better understanding and appreciation for the value of federal public lands in general, not associated with a specific place-based campaign.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared using the accrual basis of accounting. Under this method, all revenues earned and determinable in amount and receivable by the organization are recognized. Expenses incurred but not paid as of the close of business at September 30 are accrued. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

NM Wild presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Financial Statements for Not-For-Profit Organizations. Under FASB ASC 958, NM Wild is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. In addition, NM Wild presents a statement of cash flows and a statement of functional expenses.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019, With Comparative Totals for 2018

Net Assets Without Donor Restrictions

Undesignated: Unrestricted amounts are those net assets currently available at the discretion of the Board for use in NM Wild's programs, and those resources invested in land, buildings and equipment.

Board Designated: Board-designated net assets without donor restrictions represent quasi-endowment funds held at the NMCF. The board intends to retain and invest these funds. However, the funds can be used if needed subject to the distribution policy of funds held at the NMCF.

Net Assets With Donor Restrictions

Net assets are the result of contributions and other inflows of assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions can be fulfilled and removed by actions of the organization pursuant to those stipulations or by the passage of time. Other donor restrictions are perpetual in nature. Net assets perpetual in nature result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that cannot be removed by actions of NM Wild. At June 30, 2019, NM Wild reported no net assets perpetual in nature. See Net Assets with Donor Restrictions Note N.

New Accounting Pronouncement

During 2019, NM Wild adopted the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about NM Wild's liquidity, financial performance, and cash flows. The ASU has been applied retrospectively to all periods presented.

Liquidity and Availability of Financial Resources

NM Wild regularly monitors liquidity to meet its cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designations, the nature of the underlying assets, external limitations imposed by donors or contracts with others. NM Wild is partially supported by restricted grants. Because a donor's restriction required resources to be used in a particular manner or in a future period, NM Wild must maintain sufficient resources to meet those responsibilities to its donors. These financial assets may not be available for general expenditure within one year. As part of NM Wild's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, NM Wild can invest cash in excess of daily requirements in short-term investments. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019, With Comparative Totals for 2018

Liquidity is as follows:

	2019	2018
Financial assets, at year end		
Total cash, cash equivalents, and restricted cash	\$ 544,530	437,982
Receivables expected to be received during 2020	371,078	127,912
Less those unavailable for general expenditures with in year, due to:		
Restricted by donor with purpose restrictions	(325,798)	(115,490)
Restricted by donor with time restrictions	(264,000)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 325,810	450,404

Donor restricted funds are available for expenditure upon satisfaction of the restriction, the expected timing of which is not generally determinable in advance.

Cash, Restricted Cash, and Cash Equivalents

NM Wild considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash, restricted cash and cash equivalents includes money market funds and interest-bearing instruments with maturities at the date of purchase of three months or less. NM Wild maintains deposits in financial institutions that may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits.

Investments

Investments in equity securities are carried at readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Assets held by a community foundation are measured at the fair value of the underlying assets as reported by the foundation holding the funds. Realized gains and losses are recorded on a specific identification method upon the sale of investment assets. Realized and unrealized gains and losses on investments, as well as investment expenses, are included in the accompanying statements of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in unrestricted net assets unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Accounts, Grants and Contracts Receivables

Contracts, grants, and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. Management estimates the adequacy of the allowance for uncollectible receivables based on historical collections, specific impaired receivables, and other situations that may affect the

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019, With Comparative Totals for 2018

collection of the receivables. Receivables are charged off in the period in which the management determines the receivable is uncollectible. As of September 30, 2019 and 2018, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

Pledged Receivables

Unconditional pledges to give are recognized as contribution revenues and receivables in the period the pledge is made. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. As of September 30, 2019 and 2018, NM Wild had no pledges outstanding.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of investments is subject to ongoing fluctuation. The amount ultimately realized upon disposition may differ than the amounts reported in these combined financial statements. Fair value estimates for securities are currently volatile, difficult to predict, and subject to material changes that could affect NM Wild's financial condition and results of operations in the future.

Revenue Recognition

In accordance with accounting principles generally accepted in the United States of America, revenue is recorded when earned rather than received. The following summarizes the revenue recognition policies for major classifications of revenue:

- **Membership dues** – Membership dues are paid annually and are collected throughout the year based on their membership date. They are recognized when collected.
- **Grants** - Grant revenues are recorded when awarded, and the receivable is recognized when the recipient requests billing to the granting source.
- **Contributions** – All contributions are considered available for general programs unless specifically restricted by the donor. Contributions are reported when an unconditional promise to give or other asset is received (in accordance with ASC 958-605). Amounts received that are designated for future periods or restricted by the donor are reported as with donor restriction support and increase the respective class of net assets. Donor-imposed restrictions spent in the same year as contributed are included as with donor restriction revenue.

Property, Equipment, and Depreciation

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. 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 are reported as restricted support. Depreciation is computed using the straight-line method. NM Wild capitalizes all expenditures for property and equipment with a cost of \$2,000 or more. Items with a cost of less than \$2,000 are

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019, With Comparative Totals for 2018

expensed in the year of acquisition. Repairs and maintenance expenses are charged to operations when incurred and major betterments and replacements are capitalized.

The major classifications of property and equipment and the related depreciable lives are as follows:

<u>Type</u>	<u>Useful Lives</u>
Furniture & equipment	5 years
Vehicles	5 years

Impairment of Long-Lived Assets

NM Wild accounts for long-lived assets in accordance with the provisions of FASB ASC 360- 10 and subsections. ASC 360-10 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. Management does not believe impairment indicators are present as of September 30, 2019.

Accrued Leave

Annual PTO is accrued in equal installments by pay period based on the number of years of employment. Employees are allowed to carry forward up to one year’s worth of PTO based on their year of service accrual category. Any additional time not used cannot be cashed out or carried forward. Employees will be compensated for accrued PTO upon voluntary termination of employment, not to exceed a total of one year’s worth of accrual, consistent with the employee’s length of service, as long as two weeks’ notice is given. Employees involuntarily terminated from NM Wild will not be paid out any remaining balance of PTO. Annual leave balances for the years ended September 30, are as follows:

	<u>2019</u>	<u>2018</u>
\$	<u>26,130</u>	<u>27,024</u>

Support

NM Wild reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019, With Comparative Totals for 2018

Contributed (Donated) Services

Contributions of services are recognized in the accompanying financial statements in accordance with FASB ASC 958-605-25-16; if the services received:

- enhance or create non-financial assets,
- require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

See Note O for additional detail regarding donated services.

Contributed (Donated) Assets

NM Wild may receive contributions of non-cash assets. Donated marketable securities and other non-cash donations are recorded as in-kind contributions at their estimated fair values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Absent donor stipulations regarding how long those donated assets must be maintained, NM Wild reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. NM Wild reclassifies restricted net assets to unrestricted net assets at that time unless the donor has restricted the donated asset to a specific purpose. See Note O for additional detail regarding donated assets.

Advertising

NM Wild expenses advertising costs as incurred. Advertising costs are incurred primarily for the dissemination of program information.

Retirement Benefits

NM Wild provides a retirement plan under Section 403(b) of the Internal Revenue Code. Eligible employees may contribute the maximum allowable by the IRS. NM Wild matches employee's contributions up to 5% of the participating employee's compensation. Employer contributions to the retirement plan for the years ended September 30, are as follows:

	<u>2019</u>	<u>2018</u>
\$	<u>24,157</u>	<u>22,895</u>

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization has been summarized on a functional basis in the statement of functional expenses. Direct costs are allocated first to the appropriate programs. Salary and other personnel costs that are not directly coded to a programmatic activity are allocated based on time certifications and the best estimate of employees. Contractual services are allocated based on time certifications with a certain program. Depreciation expenses are allocated equally among the programs. Occupancy costs, supplies, utilities, etc. are allocated based on head count and programmatic activity. Travel, meals, communication, postage, and printing are allocated based on the type of expense incurred and the staff person incurring the expense. Other operating costs are allocated using various allocation methodologies including allocations based on personnel or actual expense.

NEW MEXICO WILDERNESS ALLIANCE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019, With Comparative Totals for 2018

Use of Estimates

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

Operating Leases

NM Wild entered into a lease for their main office in Albuquerque, on April 1, 2019, which ends March 31, 2024. Payments range from \$4,996 to \$7,122 during the term. In addition, NM Wild has multi-year copier and postage machine leases. Furthermore, NM Wild has other month-to-month leases for office space in Santa Fe and Las Cruces.

Future lease obligations are as follows:

<u>Year ending</u>	<u>Amount</u>
2020	\$ 65,610
2021	64,812
2022	77,629
2023	85,032
2024	85,564
Thereafter	14,244

Office rent and equipment leases for the years ended September 30, are as follows:

<u>2019</u>	<u>2018</u>
\$ <u>59,564</u>	<u>41,821</u>

Income Taxes

NM Wild is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

NM Wild files Federal Form 990 and, when required, Form 990-T, tax returns in the U.S. federal jurisdiction. The 990s are also filed online with charitable registration in the Office of the Attorney General for the State of New Mexico.

Management of NM Wild has determined its advertising activities are unrelated business activity.

Comparative Financial Statements

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 NM Wild's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

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Reclassifications

Certain reclassifications may have been made to 2018 amounts to conform to 2019 presentation.

Litigation

NM Wild, in the normal course of business, is subject to claims and litigation. Management believes that there are no outstanding claims or assessments which would be subject to a material unfavorable outcome that would not be covered by insurance.

NOTE C – CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

Cash, cash equivalents, and restricted cash at year end, consist of the following at September 30:

<u>Type</u>	<u>2019</u>	<u>2018</u>
Checking and savings - unrestricted	\$ 186,712	307,732
Restricted cash - with donor purpose	325,798	115,490
Vanguard money market	3,965	3,878
Nusenda money market	-	1,781
Raymond James cash sweep	27,555	8,601
Petty cash	500	500
Total cash and cash equivalents	\$ <u>544,530</u>	<u>437,982</u>

NOTE D – CONCENTRATIONS OF CREDIT RISK

Periodically throughout the year ended September 30, 2019, Alliance's cash balances in its local bank accounts may have exceeded the insured limits allowed under the Federal Deposit Insurance Corporation. Currently those limits insure up to \$250,000 per financial institution. However, management felt the risks related to these balances were within an acceptable range. As of September 30, 2019, NM Wild's cash balances held at Nusenda were underinsured by \$147,806.

The amounts in money market accounts are protected by the Securities Investors Protection Corporation (SIPC), a non-government entity, up to \$500,000 for each customer. The SIPC replaces missing cash and securities – such as stocks and bonds – held by a customer where it is possible to do so in the event of theft or a brokerage failure.

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NOTE E – ASSETS HELD BY COMMUNITY FOUNDATION

NM Wild transferred \$10,000 in 2009 and \$3,000 in July 2014, to the New Mexico Community Foundation (NMCF) to establish the New Mexico Wilderness Alliance Fund. The NMCF holds, manages, and invests these funds on behalf of NM Wild. The assets remain property of NM Wild. NM Wild elects whether to take distributions of income from these funds or reinvest the income. The funds can be withdrawn by NM Wild with a 75% vote of the board of directors of NM Wild. As of September 30, 2019 and 2018, these funds represented the investment of board-designated quasi-endowment funds. The fair value of these assets are as follows as of September 30:

	2019	2018
Assets held by the NMCF	\$ <u>21,529</u>	<u>22,333</u>

NOTE F – QUASI-ENDOWMENT

For the years ended September 30, 2019 and 2018, the assets of the quasi-endowment consist of funds held and invested by the NMCF. The quasi-endowment originated during the year ended September 30, 2009, with \$10,000 of contributions and additional contributions have been made since the inception.

Net assets associated with the quasi-endowment fund are classified as board designated. Income earned on the quasi-endowment is available for operations. Management of NM Wild has not yet adopted spending policies for the quasi-endowment.

The quasi-endowment's changes in activity and cost basis is as follows as of September 30:

		2019		2018
Fair value at October 1,	\$	<u>22,333</u>		<u>21,291</u>
Investment income/(loss)				
Net realized gain/(loss)		2,290		699
Net unrealized gain/(loss)		(1,635)		-
Investment management fees		(250)		-
Other payments and non-cash asset changes		<u>(1,209)</u>		<u>343</u>
Net change		<u>(804)</u>		<u>1,042</u>
Fair value at September 30,	\$	<u>21,529</u>		<u>22,333</u>
Cost Basis	\$	<u>21,591</u>		<u>21,591</u>

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NOTE G – INVESTMENTS

Investments are presented in the financial statements at fair value. Market risk could occur and is dependent on future changes in market prices of the various investments held. A summary of investments held at September 30, 2019 and 2018 is as follows:

Type		2019		2018	
		FMV	Cost	FMV	Cost
Cash and money market	\$	12,878	12,878	15	15
CDs		604,290	600,000	398,203	400,000
Total investments	\$	<u>617,168</u>	<u>612,878</u>	<u>398,218</u>	<u>400,015</u>

A summary of return on investments consists of the following for the year ended September 30:

		2019	2018
Fair value at October 1,	\$	398,218	-
Contributions		200,000	400,015
Investment income/(loss)			
Interest income		14,837	-
Net unrealized gain/(loss)		<u>4,113</u>	<u>(1,797)</u>
Net change		18,950	(1,797)
Fair value at September 30,	\$	<u>617,168</u>	<u>398,218</u>
Cost Basis	\$	<u>612,878</u>	<u>400,015</u>

NOTE H – FAIR VALUES MEASURED ON RECURRING BASIS

Under FASB ASC 820-10-05, the Financial Accounting Standards Board establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. This Statement reaffirms that fair value is the relevant measurement attribute. The adoption of this standard did not have a material effect on the Organization's financial statements as reflected herein. The Organization measures certain financial assets and liabilities at fair value on a recurring basis, including its derivative liabilities. The Organization's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy.

The three levels are as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and

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- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of investments securities is the market value based on the quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, payables, accrued expenses, and other liabilities approximate fair value due to the short maturity periods of these instruments. The fair value of long-term debt, if any, is the carrying value due to the adjustable market rate if interest.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

NMCF assets – valued at quoted prices for similar assets in active markets.

The following table summarizes the valuation of the Organization’s financial instruments by the above FASB ASC 820-10 categories as of September 30:

Type	2019		2018	
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 1</u>	<u>Level 2</u>
Assets held by NMCF	\$ -	21,529	-	22,333
CDs	604,290	-	398,203	-
Total	<u>\$ 604,290</u>	<u>21,529</u>	<u>398,203</u>	<u>22,333</u>

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NOTE I – ACCOUNTS & OTHER RECEIVABLES

Accounts receivable summary and other receivable at year end are as follows:

<u>Customer</u>	<u>2019</u>	<u>2018</u>
Carroll Petrie Foundation	\$ 250,000	-
USDA Forest Service	83,641	110,351
Silver City - Outdoor Economic Conference	10,000	-
Continental Divide Trail Coalition	5,000	-
Other receivables	4,621	-
American Rivers - Outdoor Economic Conference	4,000	-
New Mexico Wilderness Stewardship	3,601	-
WellsFargo	2,500	-
River Network	2,500	-
Pew Charitable Trust	-	12,500
Museum of New Mexico Shop	-	60
Total accounts receivables	<u>\$ 365,863</u>	<u>122,911</u>

As of September 30, 2019 and 2018, management estimates all receivables to be fully collectible; therefore, no provision for an allowance for uncollectible receivables has been recorded.

NOTE J – PREPAID EXPENSES

Prepaid expenses consist of insurance that is paid ahead of time and reduced throughout the fiscal year. The remaining balance of prepaid expenses at September 30, are as follows:

	<u>2019</u>	<u>2018</u>
Prepaid insurance	\$ 4,975	7,758
Prepaid expenses	70,453	15,821
Total prepaid expenses	<u>\$ 75,428</u>	<u>23,579</u>

NOTE K – SECURITY DEPOSIT

NM Wild has a security deposit related to their office space. The security deposit is the following at September 30:

	<u>2019</u>	<u>2018</u>
Security deposit	\$ <u>5,698</u>	<u>1,992</u>

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NOTE L – PROPERTY, EQUIPMENT, AND DEPRECIATION

Property, equipment, and depreciation consisted of the following at September 30:

<u>Type</u>	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2019</u>
Depreciable property and equipment				
Furniture & equipment	\$ 24,622	-	-	24,622
Vehicles	39,200	-	-	39,200
Subtotal	63,822	-	-	63,822
Less: Accumulated depreciation	(34,422)	(7,848)	-	(42,270)
Total property and equipment, net \$	<u>29,400</u>	<u>(7,848)</u>	<u>-</u>	<u>21,552</u>

Depreciation expense for the years ended September 30, 2019 and 2018 was \$7,848 and \$8,237, respectively.

NOTE M – DEFERRED REVENUE

NM Wild's deferred revenue consist of amount collected from certain contracts that have not yet been earned by the organization. Deferred revenue for the fiscal years ended September 30, are as follows:

<u>Type</u>	<u>2019</u>	<u>2018</u>
Contracts	\$ 14,926	-
Total deferred revenue \$	<u>14,926</u>	<u>-</u>

NOTE N – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes for periods after September 30:

	<u>2018</u>	<u>Additions</u>	<u>Released</u>	<u>2019</u>
<u>Subject to passage of time</u>				
Carroll Petrie Foundation	\$ -	250,000	-	250,000
Outdoor Economic Conference	-	14,000	-	14,000
<u>Subject to expenditure for a specific purpose</u>				
REI	8,000	-	(8,000)	-
Conservation Alliance	15,000	45,000	(15,000)	45,000
Fidelity Donor Advised Fund	92,490	-	(59,150)	33,340
Carroll Petrie Foundation	-	100,000	(31,314)	68,686
Wilburforce	-	100,000	(87,452)	12,548
Outdoor Economic Conference	-	50,540	(4,316)	46,224
Fidelity	-	120,000	-	120,000
Total with donor restrictions	<u>\$ 115,490</u>	<u>679,540</u>	<u>(205,232)</u>	<u>589,798</u>

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NOTE O – IN-KIND CONTRIBUTIONS

NM Wild utilizes volunteer services to meet project requirements. NM Wild’s number of volunteers and amounts of hours contributed are as follows, as of September 30:

	<u>2019</u>	<u>2018</u>
Number of volunteers	<u>1,701</u>	<u>1,626</u>
Total volunteer hours	<u>6,203</u>	<u>13,500</u>

At year end NM Wild recognizes in-kind contributions as follows:

<u>Type</u>		<u>2019</u>	<u>2018</u>
Flight services	\$	<u>3,000</u>	<u>-</u>
Goods and gift cards		<u>12,183</u>	<u>875</u>
Total in-kind contributions	\$	<u>15,183</u>	<u>875</u>

NOTE P – PUBLICATION AND RETAIL SALES

NM Wild sells items to further awareness regarding their mission. The items include; shirts, sweatshirts, mugs, and calendars. The following shows the gross profit from the sales for fiscal years ended September 30:

		<u>2019</u>	<u>2018</u>
Sales	\$	<u>9,018</u>	<u>12,525</u>
Gross profit	\$	<u>9,018</u>	<u>12,525</u>

For the years ended September 30, 2019 and 2018, most sales were associated with a new book that NM Wild published. Since only a small number of copies of the book were printed, they were not counted as inventory. Therefore, the associated costs were run through printing expenses instead of cost of goods sold.

NOTE Q – JOINT COST ALLOCATIONS

NM Wild did not participate in joint activities during the 2019 year or the 2018 year that required allocations.

NOTE R – CONCENTRATION OF BUSINESS RISK

NM Wild receives a significant portion of its revenue in the form of grants, contracts, and other contributions. NM Wild expects these grants, contracts, and awards to continue into the foreseeable future. If, however, a significant portion of these funds are not continued, NM Wild’s ability to continue all programs would be diminished. Included in the grants are several large donors, as identified in Note N.

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The following is a summary of concentrations from contributions and grants as of September 30:

<u>Concentrations</u>		<u>2019</u>	<u>2018</u>
Grants	\$	1,342,733	806,800
Contributions		421,420	513,277
Membership dues		133,148	151,956
Contracts		15,643	83,352
	\$	<u>1,912,944</u>	<u>1,555,385</u>
 Total support and revenue	 \$	 <u>1,964,532</u>	 <u>1,591,370</u>
Concentration percentage		<u>97%</u>	<u>98%</u>

Geographical Concentration

NM Wild's operations are concentrated in Albuquerque, NM.

NOTE S — EVALUATION OF SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the Statement of Financial Position date but before the financial statements are issued. NM Wild recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the Statement of Financial Position, including the estimates inherent in the process of preparing the financial statements. NM Wild's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued. NM Wild has evaluated subsequent events through March 10, 2020, which is the date the financial statements were available to be issued.

In July 2019 the New Mexico Wild Action Fund was incorporated exclusively for social welfare purposes within the meaning of Section a 501(c)(4) of the Internal Revenue Code. New Mexico Wild Action Fund will begin activity in fiscal year 2020. The primary purpose of the New Mexico Wild Action Fund is to advocate for the protection of New Mexico's public lands, water, and wildlife. Lobbying and educational activities from the New Mexico Wilderness Alliance will transfer to the New Mexico Wild Action Fund. It is anticipated that the New Mexico Wild Action Fund will be consolidated into New Mexico Wilderness Alliance's audit beginning in fiscal year ending September 30, 2020.