

WILDLANDS NETWORK
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017

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TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-9



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Independent Auditor's Report

Board of Directors
Wildlands Network
Seattle, Washington

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Wildlands Network (a not-for-profit organization) as of December 31, 2017, 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 consolidated 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 audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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.

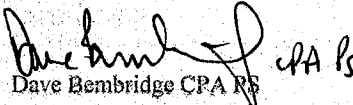
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wildlands Network as of December 31, 2017, and the results of their operations and 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 Wildlands Network's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Dave Bembridge CPA PS
Certified Public Accountant
July 19, 2018

WILDLANDS NETWORK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

	<u>2017</u>	<u>2016</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$629,392	\$354,787
Accounts Receivable	-	38,973
Pledges Receivable	114,733	75,012
Pre-paid Expenses & Deposits	7,924	6,395
Inventory	<u>1,585</u>	<u>2,034</u>
Total Current Assets	753,634	477,201
<u>Other Assets</u>		
Vermont Community Foundation Fund	<u>29,017</u>	<u>24,995</u>
TOTAL ASSETS	<u>\$782,651</u>	<u>\$502,196</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>		
Accounts Payable	\$39,974	\$26,138
Accrued Vacation	<u>14,678</u>	<u>11,385</u>
Total Current Liabilities	<u>54,652</u>	<u>37,523</u>
TOTAL LIABILITIES	<u>54,652</u>	<u>37,523</u>
<u>Net Assets</u>		
Permanently Restricted (Note Five)	15,000	15,000
Temporarily Restricted (Note Four)	693,735	364,084
Unrestricted	<u>19,264</u>	<u>85,589</u>
Total Net Assets	<u>727,999</u>	<u>464,673</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$782,651</u>	<u>\$502,196</u>

The accompanying notes are an integral part
of these financial statements.

WILDLANDS NETWORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u> 2017	Summarized <u>Totals</u> 2016
REVENUE:					
Grants and Contributions	540,167	811,677	-	1,351,844	1,025,021
Contract and Program Revenue	14,694	-	-	14,694	44,552
Event Revenue	-	-	-	-	30,072
Gain (Loss) on Endowment Fund	3,726	-	-	3,726	1,536
Interest and Dividends	296	-	-	296	322
Other Revenue	<u>2,581</u>	<u>-</u>	<u>-</u>	<u>2,581</u>	<u>898</u>
TOTAL REVENUE	561,464	811,677	-	1,373,141	1,102,401
Net Assets Released from Restrictions	<u>482,026</u>	<u>(482,026)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	1,043,490	329,651	-	1,373,141	1,102,401
EXPENSES:					
Program Services	761,146	-	-	761,146	801,922
Management & Administration	171,639	-	-	171,639	143,033
Fundraising & Development	<u>177,030</u>	<u>-</u>	<u>-</u>	<u>177,030</u>	<u>175,587</u>
TOTAL EXPENSES	<u>1,109,815</u>	<u>-</u>	<u>-</u>	<u>1,109,815</u>	<u>1,120,542</u>
INCREASE IN NET ASSETS	(66,325)	329,651	-	263,326	(18,141)
NET ASSETS, BEGINNING	<u>85,589</u>	<u>364,084</u>	<u>15,000</u>	<u>464,673</u>	<u>482,814</u>
NET ASSETS, ENDING	<u>\$19,264</u>	<u>\$693,735</u>	<u>\$15,000</u>	<u>\$727,999</u>	<u>\$464,673</u>

The accompanying notes are an integral part of
these financial statements.

WILDLANDS NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total 2017</u>	<u>Summarized Totals 2016</u>
Employment Cost					
Salaries and Wages	\$ 496,640	\$ 85,464	\$ 99,712	\$ 681,816	\$ 655,954
Payroll Taxes	39,261	6,973	7,975	54,209	51,659
Total Employment Cost	535,901	92,437	107,687	736,025	707,613
Contract and Professional Services	94,317	27,040	11,802	133,159	199,430
Travel	51,234	24,953	14,312	90,499	61,515
Special Projects	1,140		6,748	7,888	41,030
Rent	19,479	13,849		33,328	19,292
Printing & Reproduction	13,926	686	12,069	26,681	15,149
Software & Subscriptions	2,115	1,487	9,360	12,962	14,095
Website	7,253		230	7,483	12,905
Telephone & Internet	4,481	3,939	2,298	10,718	12,649
Office Supplies and Equipment	18,081	2,980	1,760	22,821	8,171
Donor Development & Solicitation Fees		75	3,012	3,087	7,285
Conferences	8,820			8,820	6,030
Payroll Processing Fees	3,631	844	845	5,320	4,581
Insurance		3,102		3,102	3,140
Bank Charges and Fees	294	138	3,728	4,160	3,118
Postage & Delivery	444	47	3,169	3,660	2,692
Miscellaneous	30	62	10	102	1,754
Gifts				0	93
Total Expenses	<u>\$ 761,146</u>	<u>\$ 171,639</u>	<u>\$ 177,030</u>	<u>\$ 1,109,815</u>	<u>\$ 1,120,542</u>

The accompanying notes are an integral part
of these financial statements

WILDLANDS NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Contributions and Grants	\$1,312,123	\$990,201
Receipts from Contract and Program Revenue	53,667	59,297
Other Revenue	2,581	30,970
Payments to Employees and Suppliers	<u>(1,093,766)</u>	<u>(1,131,172)</u>
Net Cash Provided (Absorbed) by Operating Activities	<u>274,605</u>	<u>(50,704)</u>
NET (DECREASE) INCREASE IN CASH	274,605	(50,704)
CASH AT BEGINNING OF YEAR	<u>354,787</u>	<u>405,491</u>
CASH AT END OF YEAR	<u>\$629,392</u>	<u>\$354,787</u>

The accompanying notes are an integral part
of these financial statements.

WILDLANDS NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note One - Organization

The Wild Earth Society, Incorporated, dba Wildlands Network, is a Vermont corporation with its headquarters located in Seattle, Washington. Wildlands Network's mission is to reconnect nature across North America, and to inspire similar efforts worldwide. We focus on the protection and creation of large-scale wildlife corridors to enable wide-ranging wildlife to adapt to a changing climate and to facilitate the restoration of apex predators. We do this through collaborations of networked science, allies, partners and resources to reduce duplicative efforts and address the urgency facing our planet. Using our science, networks and collaboratives we are creating landscapes that sustain life and provide enough Room to Roam © to protect wildlife and people for the long-term. This includes safe passage on private lands, highway overpasses and underpasses to reduce wildlife-vehicle collisions, protecting core habitat areas through easements or purchase, and reintroducing species (keystone species) that have a significant impact on maintaining a natural ecological balance and reducing fragmentation of landscapes. We work smarter and faster together as a functioning network – sharing resources, jobs and expertise – and have fewer duplicative efforts throughout our conservation partners as a result. Incorporated in 1991, we were founded by the father of conservation biology, Michael Soule, and renowned conservationist David Foreman, and their respective colleagues. We were the original voice for landscape connectivity and governments and NGOs across the world have adopted our approach to conservation.

Note Two - Significant Accounting Policies

Basis of Presentation

Wildlands Network reports information regarding its financial position and activities according to three classes of net assets. These are permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets, which are based upon the existence and nature of donor-imposed restrictions.

Permanently Restricted Net Assets

Net assets subject to donor imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of Wildlands Network.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that will be met by actions of Wildlands Network and/or the passage of time. Temporarily Restricted Funds are released when the funds are spent for the donor stipulated purpose.

Unrestricted Net Assets

Net assets not subject to donor imposed stipulations. Expirations of temporary restrictions on net assets, that is, the donor imposed stipulated purpose has been accomplished, are reported as reclassifications between the applicable classes of net assets.

WILDLANDS NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(continued)

Note Two - Significant Accounting Policies (continued)

Federal Income Tax

Management believes the organization's activities do not generate unrelated business taxable income. Accordingly, no provision for federal income taxes has been made in these financial statements.

Property and Equipment

Purchased assets are recorded at acquisition cost and donated items are recorded at fair market value as of the date of acquisition. Items of property and equipment in excess of \$3,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the various assets, ranging from 3-7 years.

Cash & Cash Equivalents

Cash and cash equivalents include all amounts in banks and savings accounts with maturity dates of less than three months.

Inventory

Inventory, consisting of books, is carried at the lower of cost or market, using the first-in, first-out method of costing.

Accrued Vacation

Wildlands Network accrues paid time off up to 40 hours due to employees.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

The organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their proper expenditure classification. Other expenses, which are common to several functions, are allocated based on time records and the judgment of management.

WILDLANDS NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(continued)

Note Two - Significant Accounting Policies (continued)

Donated Goods and Services

Contributed services are recognized as income and expense at fair market value. Services that enhance an asset are capitalized. Gifts in kind are recognized at fair market value and are either capitalized or shown as expense based on the item and the value. Gifts of stocks (marketable securities) are sold immediately and included in contribution income.

Note Three - Federal Tax Status

Wildlands Network has been granted exemption from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified Wildlands Network as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code.

Management has considered the tax positions taken in its tax returns and believes that all of the positions taken by Wildlands Network in its federal and state tax returns are more likely than not to be sustained upon examination. Wildlands Network's federal tax returns could be subject to examination for three years after they are filed.

Note Four - Temporarily Restricted Funds

Temporarily Restricted Funds are for the following donor stipulated purposes:

	<u>2017</u>	<u>2016</u>
West Program	200,735	123,334
Policy Program	12,500	12,500
East Program	375,500	228,250
Pacific Northwest	20,000	-
Communications	15,000	-
Time Restricted - Communications	<u>70,000</u>	<u>-</u>
	<u>\$693,735</u>	<u>\$364,084</u>

Note Five - Permanently Restricted Funds

In October 2002, the Organization established the Wild Earth Society Fund at the Vermont Community Foundation (VCF) and transferred to it permanently restricted endowment funds of \$15,000. Variance power was granted to VCF. The Board of Trustees of the Vermont Community Foundation (VCF Board) shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the VCF Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Income from the fund is currently reinvested, but is distributable to the Organization upon request. Additionally, the Organization can request the fund principal to be returned with VCF Board approval. Income from this fund may be used at the discretion of the Organization's board.

WILDLANDS NETWORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

(continued)

Note Five – Permanently Restricted Funds (continued)

	<u>2017</u>	<u>2016</u>
Beginning Value	24,995	23,137
Dividends & Interest	296	322
Gains (Losses)	4,158	1,879
Investment Expenses	<u>(432)</u>	<u>(343)</u>
Ending Value	<u>\$29,017</u>	<u>\$24,995</u>
Permanently Restricted	15,000	15,000
Unrestricted	<u>14,017</u>	<u>9,995</u>
Total Ending Value	<u>\$29,017</u>	<u>\$24,995</u>

Note Six - Commitments

Property Lease

Wildlands Network signed lease for their office space on November 2, 2016. The new lease is for three years beginning February 1, 2017 and terminating January 31, 2020. The following are the future minimum lease obligations in terms of this lease:

<u>Year</u>	
2018	21,395
2019	22,076
2020	<u>1,844</u>
	<u>\$45,315</u>

Note Seven – Funding Dependency

The organization received a significant portion of its revenue (\$610,000 – 45% (2016 \$395,750 – 36%)) from three donors. Without continued support from these donors, operations of the organization would have to be reduced significantly.

Note Eight – Comparative Financial Information

The financial statements include certain prior year summarized comparative information. 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 organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Note Nine – Subsequent Events

Management of Wildlands Network has evaluated events and transactions subsequent to December 31, 2017 for potential recognition or disclosure in the financial statements. Subsequent events have been evaluated through the date the financial statements became available to be issued, July 3, 2018.