

# **The Wilderness Society and The Wilderness Society Action Fund**

## **Audited Consolidated Financial Statements and Other Financial Information**

*Years ended September 30, 2022 and 2021  
with Report of Independent Auditors*

The Wilderness Society and The Wilderness Society Action Fund  
Audited Consolidated Financial Statements and Other Financial Information  
Years ended September 30, 2022 and 2021

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## Report of Independent Auditors

Governing Council  
The Wilderness Society  
Washington, DC

### ***Opinion***

We have audited the consolidated financial statements of The Wilderness Society and The Wilderness Society Action Fund (collectively, the Society), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Society as of September 30, 2022 and 2021, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Information Included in the Annual Report***

Management is responsible for the other information included in the Society's annual report (issued and presented separately from the audited consolidated financial statements). The other information comprises the information included in that annual report, but does not include the audited consolidated financial statements and our auditor's report thereon (incorporated by reference in the annual report). Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position as of September 30, 2022 and 2021 on pages 25 - 26, and the consolidating schedules of activities for the years then ended on pages 27 - 28, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The information has been subject to auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Vienna, Virginia  
March 24, 2023

The Wilderness Society and The Wilderness Society Action Fund

Consolidated Statements of Financial Position

|  | September 30,        |                      |
|--|----------------------|----------------------|
|  | <u>2022</u>          | <u>2021</u>          |
| <b>Assets</b>                                |                      |                      |
| Cash and cash equivalents                    | \$ 12,570,301        | \$ 11,171,848        |
| Certificate of deposit                       | 1,805,946            | 1,802,732            |
| Accounts and contributions receivable, net   | 7,267,051            | 2,548,652            |
| Investments                                  | 52,397,494           | 63,347,292           |
| Planned giving investments                   | 3,036,882            | 3,913,165            |
| Beneficial interest in assets held by others | 4,378,198            | 5,318,100            |
| Long-term receivables, net                   | 10,657,351           | 258,073              |
| Prepaid expenses and other assets            | 1,232,534            | 1,537,852            |
| Fixed assets, net                            | <u>3,499,339</u>     | <u>3,782,905</u>     |
| Total assets                                 | <u>\$ 96,845,096</u> | <u>\$ 93,680,619</u> |
| <b>Liabilities and net assets</b>            |                      |                      |
| Liabilities:                                 |                      |                      |
| Accounts payable and accrued expenses        | \$ 3,447,792         | \$ 4,454,287         |
| Deferred revenue                             | 270,945              | 253,093              |
| Deferred rent and lease incentive obligation | 4,198,061            | 4,080,024            |
| Deposits                                     | 21,250               | 21,250               |
| Planned giving liabilities                   | <u>2,037,380</u>     | <u>2,276,962</u>     |
| Total liabilities                            | 9,975,428            | 11,085,616           |
| Net assets:                                  |                      |                      |
| Without donor restrictions                   | 42,504,331           | 48,785,929           |
| With donor restrictions                      | <u>44,365,337</u>    | <u>33,809,074</u>    |
| Total net assets                             | <u>86,869,668</u>    | <u>82,595,003</u>    |
| Total liabilities and net assets             | <u>\$ 96,845,096</u> | <u>\$ 93,680,619</u> |

See accompanying notes to the consolidated financial statements.

# The Wilderness Society and The Wilderness Society Action Fund

## Consolidated Statements of Activities

|  | For the years ended September 30, |                            |               |                               |                            |               |
|--|-----------------------------------|----------------------------|---------------|-------------------------------|----------------------------|---------------|
|  | 2022                              |                            |               | 2021                          |                            |               |
|  | Without donor<br>restrictions     | With donor<br>restrictions | Total         | Without donor<br>restrictions | With donor<br>restrictions | Total         |
| <b>Revenues</b>  |                                   |                            |               |                               |                            |               |
| Contributions:   |                                   |                            |               |                               |                            |               |
| Individuals  | \$ 32,241,272                     | \$ 19,325,385              | \$ 51,566,657 | \$ 29,661,793                 | \$ 4,544,910               | \$ 34,206,703 |
| Foundations  | 63,000                            | 8,807,108                  | 8,870,108     | 2,563,263                     | 3,703,631                  | 6,266,894     |
| Corporations   | 152,564                           | 60,000                     | 212,564       | 127,475                       | 5,000                      | 132,475       |
|  | 32,456,836                        | 28,192,493                 | 60,649,329    | 32,352,531                    | 8,253,541                  | 40,606,072    |
| Program services   | 66,903                            | -                          | 66,903        | 126,223                       | -                          | 126,223       |
| Investment income, net                                       | 749,155                           | 321,458                    | 1,070,613     | 498,311                       | 326,319                    | 824,630       |
| Spending policy  | 786,389                           | (786,389)                  | -             | 795,995                       | (795,995)                  | -             |
| Other revenue  | 328,334                           | -                          | 328,334       | 333,638                       | -                          | 333,638       |
| Total revenues   | 34,387,617                        | 27,727,562                 | 62,115,179    | 34,106,698                    | 7,783,865                  | 41,890,563    |
| Net assets released from restrictions                        | 11,821,968                        | (11,821,968)               | -             | 9,437,148                     | (9,437,148)                | -             |
| Total revenues   | 46,209,585                        | 15,905,594                 | 62,115,179    | 43,543,846                    | (1,653,283)                | 41,890,563    |
| <b>Expenses</b>  |                                   |                            |               |                               |                            |               |
| Program services:  |                                   |                            |               |                               |                            |               |
| Net zero   | 6,751,149                         | -                          | 6,751,149     | 5,417,529                     | -                          | 5,417,529     |
| 30 x 30  | 14,813,988                        | -                          | 14,813,988    | 14,451,586                    | -                          | 14,451,586    |
| Community led conservation                                   | 7,253,324                         | -                          | 7,253,324     | 4,724,919                     | -                          | 4,724,919     |
| Critical mass  | 3,153,616                         | -                          | 3,153,616     | 1,589,048                     | -                          | 1,589,048     |
| Action fund  | 1,126,914                         | -                          | 1,126,914     | 1,845,755                     | -                          | 1,845,755     |
|  | 33,098,991                        | -                          | 33,098,991    | 28,028,837                    | -                          | 28,028,837    |
| Support services:  |                                   |                            |               |                               |                            |               |
| Fundraising  | 8,502,853                         | -                          | 8,502,853     | 6,436,151                     | -                          | 6,436,151     |
| Management and general                                       | 2,490,416                         | -                          | 2,490,416     | 1,936,650                     | -                          | 1,936,650     |
|  | 10,993,269                        | -                          | 10,993,269    | 8,372,801                     | -                          | 8,372,801     |
| Total expenses   | 44,092,260                        | -                          | 44,092,260    | 36,401,638                    | -                          | 36,401,638    |
| Change in net assets from operations                         | 2,117,325                         | 15,905,594                 | 18,022,919    | 7,142,208                     | (1,653,283)                | 5,488,925     |
| (Loss)/Gain on investments                                   | (8,524,273)                       | (3,962,754)                | (12,487,027)  | 4,651,113                     | 3,142,183                  | 7,793,296     |
| Change in value of beneficial interest                       | -                                 | (1,245,089)                | (1,245,089)   | -                             | 681,558                    | 681,558       |
| Loss on equipment disposal                                   | (16,138)                          | -                          | (16,138)      | -                             | -                          | -             |
| Change in net assets   | (6,423,086)                       | 10,697,751                 | 4,274,665     | 11,793,321                    | 2,170,458                  | 13,963,779    |
| Beginning net assets   | 48,785,929                        | 33,809,074                 | 82,595,003    | 36,590,038                    | 32,041,186                 | 68,631,224    |
| Reclassification of Action Fund net assets for consolidation | 141,488                           | (141,488)                  | -             | 402,570                       | (402,570)                  | -             |
| Ending net assets  | \$ 42,504,331                     | \$ 44,365,337              | \$ 86,869,668 | \$ 48,785,929                 | \$ 33,809,074              | \$ 82,595,003 |

See accompanying notes to the consolidated financial statements.

# The Wilderness Society and The Wilderness Society Action Fund

## Consolidated Statement of Functional Expenses

Year ended September 30, 2022

|                                   | Program Services    |                      |                            |                     |                     | Supporting Services    |                     |                        |                           | Total Expenses       |
|-----------------------------------|---------------------|----------------------|----------------------------|---------------------|---------------------|------------------------|---------------------|------------------------|---------------------------|----------------------|
|                                   | Net Zero            | 30x30                | Community Led Conservation | Critical Mass       | Action Fund         | Total Program Services | Fundraising         | Management and General | Total Supporting Services |                      |
| Compensation                      | \$ 2,883,336        | \$ 5,951,789         | \$ 3,148,680               | \$ 1,324,672        | \$ 271,621          | \$ 13,580,098          | \$ 3,151,709        | \$ 485,947             | \$ 3,637,656              | \$ 17,217,754        |
| Fringe benefits                   | 767,491             | 1,584,417            | 837,626                    | 352,458             | 72,256              | 3,614,248              | 836,236             | 129,646                | 965,882                   | 4,580,130            |
|                                   | <u>3,650,827</u>    | <u>7,536,206</u>     | <u>3,986,306</u>           | <u>1,677,130</u>    | <u>343,877</u>      | <u>17,194,346</u>      | <u>3,987,945</u>    | <u>615,593</u>         | <u>4,603,538</u>          | <u>21,797,884</u>    |
| Professional fees                 | 831,403             | 2,207,113            | 780,196                    | 512,238             | 436,385             | 4,767,335              | 1,831,938           | 376,986                | 2,208,924                 | 6,976,259            |
| Grants and awards                 | 635,199             | 1,266,828            | 1,230,865                  | 284,250             | 125,823             | 3,542,965              | 12,928              | 11,965                 | 24,893                    | 3,567,858            |
| Occupancy                         | 450,742             | 926,968              | 502,727                    | 210,150             | 18,850              | 2,109,437              | 238,090             | 625,056                | 863,146                   | 2,972,583            |
| Travel                            | 118,296             | 396,691              | 183,026                    | 61,977              | 8,432               | 768,422                | 96,945              | 30,231                 | 127,176                   | 895,598              |
| Printing and mailing              | 697,176             | 1,672,983            | 187,172                    | 207,017             | 137,970             | 2,902,318              | 2,024,078           | 477,175                | 2,501,253                 | 5,403,571            |
| Interest, taxes, and depreciation | 163,953             | 337,369              | 182,273                    | 76,268              | 28,016              | 787,879                | 208,888             | 184,432                | 393,320                   | 1,181,199            |
| Other program expenses            | 203,553             | 469,830              | 200,759                    | 124,586             | 27,561              | 1,026,289              | 102,041             | 168,978                | 271,019                   | 1,297,308            |
| <b>Total</b>                      | <u>\$ 6,751,149</u> | <u>\$ 14,813,988</u> | <u>\$ 7,253,324</u>        | <u>\$ 3,153,616</u> | <u>\$ 1,126,914</u> | <u>\$ 33,098,991</u>   | <u>\$ 8,502,853</u> | <u>\$ 2,490,416</u>    | <u>\$ 10,993,269</u>      | <u>\$ 44,092,260</u> |

*See accompanying notes to the consolidated financial statements.*



# The Wilderness Society and The Wilderness Society Action Fund

## Consolidated Statement of Functional Expenses

Year ended September 30, 2021

|                                   | Program Services    |                      |                            |                     |                     | Supporting Services    |                     |                        |                           | Total Expenses       |
|-----------------------------------|---------------------|----------------------|----------------------------|---------------------|---------------------|------------------------|---------------------|------------------------|---------------------------|----------------------|
|                                   | Net Zero            | 30x30                | Community Led Conservation | Critical Mass       | Action Fund         | Total Program Services | Fundraising         | Management and General | Total Supporting Services |                      |
| Compensation                      | \$ 1,970,804        | \$ 6,573,350         | \$ 2,299,674               | \$ 386,319          | \$ 203,747          | \$ 11,433,894          | \$ 2,698,750        | \$ 485,838             | \$ 3,184,588              | \$ 14,618,482        |
| Fringe benefits                   | 489,726             | 1,633,309            | 571,209                    | 96,001              | 50,606              | 2,840,851              | 669,178             | 120,861                | 790,039                   | 3,630,890            |
|                                   | <u>2,460,530</u>    | <u>8,206,659</u>     | <u>2,870,883</u>           | <u>482,320</u>      | <u>254,353</u>      | <u>14,274,745</u>      | <u>3,367,928</u>    | <u>606,699</u>         | <u>3,974,627</u>          | <u>18,249,372</u>    |
| Professional fees                 | 1,041,445           | 2,010,950            | 401,606                    | 109,822             | 919,976             | 4,483,799              | 1,063,053           | 346,098                | 1,409,151                 | 5,892,950            |
| Grants and awards                 | 733,863             | 584,026              | 657,777                    | 521,322             | 368,067             | 2,865,055              | 18,473              | 11,746                 | 30,219                    | 2,895,274            |
| Occupancy                         | 401,026             | 1,344,442            | 483,380                    | 78,312              | 21,497              | 2,328,657              | 321,323             | 308,792                | 630,115                   | 2,958,772            |
| Travel                            | 10,650              | 54,688               | 15,896                     | 2,629               | 426                 | 84,289                 | 59,068              | 6,227                  | 65,295                    | 149,584              |
| Printing and mailing              | 552,925             | 1,547,686            | 96,445                     | 352,729             | 239,230             | 2,789,015              | 1,514,760           | 416,289                | 1,931,049                 | 4,720,064            |
| Interest, taxes, and depreciation | 44,283              | 148,181              | 52,595                     | 8,663               | 19,396              | 273,118                | 74,568              | 67,655                 | 142,223                   | 415,341              |
| Other program expenses            | 172,807             | 554,954              | 146,337                    | 33,251              | 22,810              | 930,159                | 16,978              | 173,144                | 190,122                   | 1,120,281            |
| Total                             | <u>\$ 5,417,529</u> | <u>\$ 14,451,586</u> | <u>\$ 4,724,919</u>        | <u>\$ 1,589,048</u> | <u>\$ 1,845,755</u> | <u>\$ 28,028,837</u>   | <u>\$ 6,436,151</u> | <u>\$ 1,936,650</u>    | <u>\$ 8,372,801</u>       | <u>\$ 36,401,638</u> |

See accompanying notes to the consolidated financial statements.

# The Wilderness Society and The Wilderness Society Action Fund

## Consolidated Statements of Cash Flows

|   | Years ended September 30, |               |
|---|---------------------------|---------------|
|   | 2022                      | 2021          |
| <b>Cash flows from operating activities</b>   |                           |               |
| Change in net assets  | \$ 4,274,665              | \$ 13,963,779 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                           |               |
| Depreciation  | 492,488                   | 365,522       |
| Loss on disposal of fixed assets  | 16,138                    | -             |
| Discount on long-term receivables   | 1,024,541                 | (97,277)      |
| Allowance for uncollectible receivables   | 642,847                   | (31,537)      |
| Net realized and unrealized investment loss/(gain)  | 12,487,027                | (7,793,296)   |
| Changes in investments held in trust  | 876,283                   | (134,265)     |
| Donated securities  | (2,089,578)               | (1,102,362)   |
| Contributions restricted for long-term investment   | (25,009)                  | (107,915)     |
| Changes in operating assets and liabilities:  |                           |               |
| Accounts and contributions receivable   | (16,785,065)              | 1,278,939     |
| Beneficial interests in assets held by others   | 939,902                   | 24,601        |
| Prepaid expenses and other assets   | 305,318                   | (561,103)     |
| Accounts payable and accrued expenses   | (1,006,495)               | 1,184,989     |
| Deferred revenue  | 17,852                    | 202,339       |
| Deferred rent and lease incentive obligation  | 118,037                   | 2,941,912     |
| Deposits  | -                         | 15,750        |
| Net cash from operating activities  | 1,288,951                 | 10,150,076    |
| <b>Cash flows from investing activities</b>   |                           |               |
| Purchase of equipment   | (225,060)                 | (3,356,715)   |
| Proceeds from sale of investments   | 3,853,856                 | 2,923,909     |
| Purchase of investments   | (3,301,507)               | (19,534,800)  |
| Reinvested interest   | (3,214)                   | (1,815)       |
| Net cash from investing activities  | 324,075                   | (19,969,421)  |
| <b>Cash flows from financing activities</b>   |                           |               |
| Investment return on planned giving assets, net   | (239,582)                 | (64,199)      |
| Contributions restricted for long-term investment   | 25,009                    | 107,915       |
| Net cash from financing activities  | (214,573)                 | 43,716        |
| Change in cash and cash equivalents   | 1,398,453                 | (9,775,629)   |
| Cash and cash equivalents, beginning of year  | 11,171,848                | 20,947,477    |
| Cash and cash equivalents, end of year  | \$ 12,570,301             | \$ 11,171,848 |

*See accompanying notes to the consolidated financial statements.*

# The Wilderness Society and The Wilderness Society Action Fund

## Notes to Consolidated Financial Statements

Years ended September 30, 2022 and 2021

### **Note A - Organization and Purpose**

The Wilderness Society (TWS) is the leading conservation organization working to protect wilderness and inspire Americans to care for our wild places. Founded in 1935, and now with more than 700,000 members and supporters, TWS has led the effort to permanently protect 109 million acres of wilderness. We work to ensure sound management of our shared national lands, which include 635 million acres owned by the American people and managed by our government.

The Wilderness Society Action Fund (Action Fund) is an affiliated organization of TWS and was created for the purpose of educating the public and advancing issue advocacy dedicated to protecting wilderness.

TWS's major programs are as follows:

#### *30 x 30*

The goal of the 30 x 30 movement is to address the devastating loss of nature across the globe. In approximately the last 20 years, we've lost 1.2 million square miles of the wild land worldwide - about the same as the total area of India. If development and destruction continue at that rate, scientists say there will be no truly wild places left without human disturbances in less than a century. This loss of nature affects our sources of clean air and water as well as the places we recreate. It also means fewer places to act as refuge for people and wildlife struggling to adapt to climate change. Additionally, this trend is hurting our ability to combat climate change itself, as forests and other landscapes with a great capacity to absorb greenhouse gas emissions are being wiped out.

#### *Net Zero*

We strive to make public lands and waters entirely pollution-free. The first step is to make public lands a net-zero source of emissions by 2030 and support a just transition for fossil-fuel-dependent communities. We also want to boost responsible renewable energy development in the right places and to protect forests and landscapes that play an important role in absorbing climate change emissions.

#### *Community Led Conservation*

All people, of every race, gender, immigration status, physical ability or income level, should have access to nature. We are working to transform conservation policy and practice so that everyone can get outdoors and benefit equitably from public lands.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note A - Organization and Purpose (Continued)**

##### *Critical Mass*

In order to achieve our ambitious strategic goals, we require critical mass of people reflecting America's diversity, taking action to protect wilderness and public lands. Through national and local strategic partnerships, campaigns and public awareness initiatives, we work to build a sustainable long-term movement.

##### *Action Fund*

Defending the nation's most treasured places requires action. The Action Fund works to generate awareness among citizens about threatened places. Concerned citizens in turn ask lawmakers in Congress to support conservation goals. This grassroots effort is essential for protecting specific places, whether the Arctic National Wildlife Refuge in northeast Alaska, wild forests in Maine or rugged landscapes in southern Utah. This action is also essential for protecting the bedrock laws that guard legal protections for America's lands and waters. The Action Fund is an avenue through which TWS pursues this type of advocacy work.

#### **Note B - Summary of Significant Accounting Policies**

##### *Principles of consolidation*

The consolidated financial statements include the accounts of TWS and the Action Fund (collectively, the Society). Significant intercompany accounts and transactions have been eliminated in consolidation. TWS maintains an administrative fund to pay the administrative costs of the Action Fund. For purposes of consolidated reporting, the Society has classified the contributions net assets without donor restrictions of the Action Fund and the administrative fund as net assets with donor restrictions.

##### *Basis of accounting*

The Society presents its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Financial Accounting Standards Board Accounting Standards Codification.

##### *Subsequent events*

The Society has performed an evaluation of subsequent events through March 24, 2023, which is the date the consolidated financial statements were available to be issued and has considered any relevant matters in the preparation of the consolidated financial statements and notes.

##### *Use of estimates*

GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts and classifications of revenues and expenses during the reporting period. Actual results could differ from these estimates, and those differences could be material.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note B - Summary of Significant Accounting Policies (Continued)**

##### *Income taxes*

TWS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not a private foundation under Section 509(a) of the IRC. The Action Fund is exempt from federal income taxes under Section 501(c)(4) of the IRC. The Society is subject to income taxes on unrelated business income, less applicable deductions. Management has concluded that the Society has properly maintained its exempt status and there are no uncertain tax positions as of September 30, 2022. There are currently no examinations being conducted.

##### *Risk and uncertainties*

The Society invests in various securities. These securities are exposed to a variety of risks, such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

##### *Cash and cash equivalents*

The Society considers all highly liquid investments with original maturities at the purchase date of 90 days or less to be cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits prescribed by law. The Society may hold funds with financial institutions in excess of the FDIC insured amounts; however, the Society has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. Cash and cash equivalents held within the investment accounts, or by bank custodians that are intended to be invested, are classified as investments in the accompanying consolidated statements of financial position.

##### *Certificate of deposit*

Certificates of deposit with original maturities of greater than 90 days are stated at cost plus accrued interest. Certificates of deposit do not meet the definition of securities under accounting standards and thus are not subject to the fair value disclosure requirements of GAAP.

##### *Investments and fair value measurement*

Investments are recorded at fair value. Investment income or loss, including realized and unrealized gains and losses, is included in the consolidated statements of activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Dividend and interest income are considered operating revenue of the Society. Realized and unrealized gains and losses above the spending rate approved by the Governing Council are not used in operations and, therefore, are reported as net assets with donor restrictions in the consolidated statements of activities as gain on investments.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note B - Summary of Significant Accounting Policies (Continued)**

##### *Investments and fair value measurement (continued)*

In accordance with GAAP, the Society prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The levels of the hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted (unadjusted) for identical assets or liabilities in actively traded markets which the Society 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 markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

##### *Planned giving assets and liabilities*

The Society maintains a pooled income fund for planned giving investments. Donors contribute to the Society an irrevocable remainder interest in assets while they reserve the right to income earned on the assets. The Society recognizes its remainder interest in the assets received as contributions with donor restriction in the period the assets are received. The contribution is recorded at the fair value of the asset discounted over the actuarially estimated time period until the donor's death.

Charitable gift annuity contributions are recorded net of the present value of the liability of the future annuity payments. The rate used to calculate the net present value is the adjusted discount rate for the month in which the gift is made. The value of the liability is adjusted to reflect amortization of the discount, payments to the donor, and changes in actuarial assumptions.

Charitable remainder trusts are recorded at the present value of estimated future cash flows. The discount rate used to calculate the net present value of the estimated future cash flows for the years ended September 30, 2022 and 2021 was 3.6% and 1.0%, respectively. The value of the trust liability is adjusted to reflect amortization of the discount and changes in actuarial assumptions related to interest rate fluctuations or other variables.

Earnings generated by planned giving investments are recorded as liabilities to cover commitments to the beneficiaries of planned giving agreements. The change in the actuarial value of planned giving assets is recorded as change in value of beneficial interest in the consolidated statements of activities.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note B - Summary of Significant Accounting Policies (Continued)**

##### *Beneficial interest in assets held by others*

The Society has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, the Society does not have possession or control over the assets of the trusts. It is the policy of the Society to record such assets only when the Society's interest is deemed to be irrevocable and where there is sufficient information to quantify a fair and accurate valuation. When the Society has enough information to record the beneficial interest, a contribution with donor restrictions is recorded in the consolidated statements of activities, and a beneficial interest in assets held by others is recorded in the consolidated statements of financial position at fair value using the discounted present value of the gift, based on the date of the gift and the trust life. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statements of financial position, with changes in fair value recognized in the statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

The beneficial interest in assets held by others for which the Society does not serve as trustee amounted to \$4,585,398 and \$5,589,000 as of September 30, 2022 and 2021, respectively, and is recorded in net assets with donor restrictions in the accompanying consolidated statements of financial position. Of these amounts, \$207,200 and \$270,900 is included within accounts receivable as of September 30, 2022 and 2021, respectively as payment is due within one year. Trust assets include publicly traded U.S. stock, corporate and government bonds, mutual funds, and property and land. The change in value of beneficial interests was \$(1,245,089) and \$681,558 for the years ended September 30, 2022 and 2021, respectively.

##### *Contributions receivable*

Contributions receivable that are expected to be collected within one year are reported net of any estimated uncollectible amounts. Contributions expected to be collected beyond one year are reported net of any estimated uncollectible amounts and are discounted to present value using the United States Treasury obligations risk-adjusted rate according to their corresponding terms.

##### *Contributions*

The Society recognizes contributions when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor imposed restrictions. A contribution is reported as without donor restrictions if a restriction is fulfilled in the same period in which the contribution is received.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note B - Summary of Significant Accounting Policies (Continued)**

##### *Allowance for uncollectible contributions*

The Society has established an allowance for uncollectible contributions based on management's judgment of the creditworthiness of the donors, past collection experience, and other relevant factors. Although variability is inherent in such estimates, management believes that the allowance provided in the consolidated financial statements is adequate, but largely dependent on economic conditions.

##### *Fixed assets*

Furniture and equipment expenditures over \$5,000 are recorded at cost and are depreciated using the straight-line method, with estimated useful lives ranging from three to ten years. Leasehold improvements are recorded at cost and are amortized over the shorter of their useful lives or the remaining term of the lease.

##### *Collections*

The Society's collections include artwork and photographs that are held for educational purposes. Each item is preserved and cared for in a manner similar to works of art held for public exhibition. The collections, which were acquired through various donations since the Society's inception, are not recognized as assets on the consolidated statements of financial position.

##### *Net assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor, or certain grantor, restrictions. The governing council has designated, from net assets without donor restrictions, net assets for a capital reserve.

Net assets with donor restrictions - Net assets subject to donor, or certain grantor, 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, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.



## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note B - Summary of Significant Accounting Policies (Continued)**

##### *Functional allocation of expenses*

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs, including compensation, fringe benefits, professional fees, occupancy, travel, printing and mailing, and depreciation, have been allocated among the programs, general and administrative and fundraising costs based on employee time and effort.

##### *Recent accounting pronouncements (not adopted)*

The Financial Accounting Standards Board (FASB) issued amendments to Accounting Standards Update (ASU) 2016-01, *Leases* (Topic 842). ASC 842, as amended, requires entities to recognize the following for all leases (with the exception of short-term leases) at the commencement date: 1) a lease liability, which is the lessee's obligation to make lease payments, measured on a discounted basis; and 2) a right of use asset, which is an asset that represents the lessee's right to use or control the use of a specified asset for the lease term. The amendments in the ASU are effective for nonpublic entities for periods beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact the amendments in this ASU will have on the financial statements.

#### **Note C - Liquidity and Availability of Resources**

Financial assets available for general expenditure within one year of the consolidated statement of financial position date, comprise the following as of September 30:

|  | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|
| Cash and cash equivalents                                | \$ 12,570,301        | \$ 11,171,848        |
| Accounts and contributions receivable                    | 7,184,964            | 2,548,652            |
| Investments  | 36,347,242           | 43,322,467           |
| Endowment spending-rate distributions and appropriations | 853,813              | 881,143              |
|  | <u>\$ 56,956,320</u> | <u>\$ 57,924,110</u> |

As part of the liquidity management plan, the Society's internal policy provides guidance in structuring financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Society conducts an annual planning process in which revenues and expenses are budgeted for the coming year. This budget is created on a month-by-month basis, as a calendarization of revenue and expenses. As part of that process, cash and non-cash items are materially identified such that a cash forecast can be produced. The Society invests cash in excess of daily requirements in mutual funds, equities, and fixed income securities.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note C - Liquidity and Availability of Resources (Continued)**

The Society's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. Donor restricted endowment funds are subject to an annual spending rate of 5% as described in Note E.

The Society has designated a portion of its net assets without donor restrictions as board designated, which are set aside for investment capital reserves. These board designated net assets are subject to self-imposed limits by action of the Governing Council or management and are earmarked for future programs, investments, contingencies, and other uses. These amounts are not deemed to be board designated endowment funds. Although the Society does not intend to spend from these board-designated amounts set aside as capital reserves, these amounts could be made available if necessary by either the Finance Committee or management, and can be used for ongoing programs and operations. Occasionally, the Governing Council could designate a portion of any operating surplus to the capital reserve.

The Society is supported, in part, by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Society must maintain sufficient resources to meet those responsibilities to its donors. The Society has evaluated its general expenditures for the next fiscal year and has determined that certain donor restrictions are for purposes related to its ongoing programs and activities. Therefore, certain donor restricted financial assets are considered available for general expenditure and are included in the above analysis. As of September 30, 2022 and 2021, approximately \$10.0 million and \$4.0 million of net assets with donor restrictions are expected to be available to meet general expenditures within one year of the consolidated statements of financial position.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note D - Investments and Fair Value Measurement**

Investments, at fair value, within the fair value hierarchy at September 30, 2022 are as follows:

|  | <u>Level 1</u>       | <u>Level 2</u>      | <u>Level 3</u>      | <u>Total</u>         |
|--|----------------------|---------------------|---------------------|----------------------|
| Investments:                                 |                      |                     |                     |                      |
| Cash and cash equivalents *                  | \$ -                 | \$ -                | \$ -                | \$ 493,563           |
| Mutual funds                                 | 4,554,337            | -                   | -                   | 4,554,337            |
| Equities                                     | 38,501,498           | -                   | -                   | 38,501,498           |
| Fixed income                                 | <u>4,875,823</u>     | <u>3,972,273</u>    | -                   | <u>8,848,096</u>     |
| Total investments                            | 47,931,658           | 3,972,273           | -                   | 52,397,494           |
| Planned giving assets:                       |                      |                     |                     |                      |
| Cash and cash equivalents *                  | -                    | -                   | -                   | 158,139              |
| Mutual funds                                 | 862,518              | -                   | -                   | 862,518              |
| Common stock                                 | 1,197,982            | -                   | -                   | 1,197,982            |
| Fixed income                                 | <u>19,923</u>        | <u>798,320</u>      | -                   | <u>818,243</u>       |
| Total planned giving assets                  | 2,080,423            | 798,320             | -                   | 3,036,882            |
| Beneficial interest in assets held by others | <u>-</u>             | <u>-</u>            | <u>4,378,198</u>    | <u>4,378,198</u>     |
| Total  | <u>\$ 50,012,081</u> | <u>\$ 4,770,593</u> | <u>\$ 4,378,198</u> | <u>\$ 59,812,574</u> |

\*Cash and cash equivalents held within investment accounts have been excluded from the fair value level disclosures in the above table, in accordance with GAAP.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note D - Investments and Fair Value Measurement (Continued)**

Investments, at fair value, within the fair value hierarchy at September 30, 2021 are as follows:

|  | <u>Level 1</u>       | <u>Level 2</u>      | <u>Level 3</u>      | <u>Total</u>         |
|--|----------------------|---------------------|---------------------|----------------------|
| Investments:                                 |                      |                     |                     |                      |
| Cash and cash equivalents *                  | \$ -                 | \$ -                | \$ -                | \$ 855,070           |
| Mutual funds                                 | 4,886,364            | -                   | -                   | 4,886,364            |
| Equities                                     | 48,370,961           | -                   | -                   | 48,370,961           |
| Fixed income                                 | <u>4,378,434</u>     | <u>4,856,463</u>    | -                   | <u>9,234,897</u>     |
| Total investments                            | 57,635,759           | 4,856,463           | -                   | 63,347,292           |
| Planned giving assets:                       |                      |                     |                     |                      |
| Cash and cash equivalents *                  | -                    | -                   | -                   | 91,674               |
| Mutual funds                                 | 1,997,321            | -                   | -                   | 1,997,321            |
| Common stock                                 | 1,098,066            | -                   | -                   | 1,098,066            |
| Fixed income                                 | <u>39,158</u>        | <u>686,946</u>      | -                   | <u>726,104</u>       |
| Total planned giving assets                  | 3,134,545            | 686,946             | -                   | 3,913,165            |
| Beneficial interest in assets held by others | <u>-</u>             | <u>-</u>            | <u>5,318,100</u>    | <u>5,318,100</u>     |
| Total  | <u>\$ 60,770,304</u> | <u>\$ 5,543,409</u> | <u>\$ 5,318,100</u> | <u>\$ 72,578,557</u> |

\*Cash and cash equivalents held within investment accounts have been excluded from the fair value level disclosures in the above table, in accordance with GAAP.

#### **Note E - Endowment Funds**

The Society's endowment consists of individual funds established for a variety of purposes and are donor-restricted. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

##### *Interpretation of relevant law*

The Governing Council of the Society has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Society retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the endowment), and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note E - Endowment Funds (Continued)**

##### *Interpretation of relevant law (continued)*

The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Society and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Society
- The investment policies of the Society

As of September 30, 2022, and 2021, the Society had the following endowment net asset composition by type of fund:

| With Donor Restrictions  | 2022          | 2021          |
|--|---------------|---------------|
| Donor-restricted endowment funds   |               |               |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | \$ 11,261,917 | \$ 11,263,806 |
| Planned giving assets (net), and donated insurance   | 437,035       | 503,746       |
| Beneficial interest in assets held by third parties  | 1,579,000     | 1,554,000     |
| Accumulated investment gains   | 3,888,726     | 8,166,381     |
|  | \$ 17,166,678 | \$ 21,487,933 |

Changes in endowment net assets for the years ended September 30, 2022 and 2021 are as follows:

| With Donor Restrictions  | 2022          | 2021          |
|--|---------------|---------------|
| Endowment net assets, beginning of year                            | \$ 21,487,933 | \$ 18,845,207 |
| Appropriation of endowment assets pursuant to spending-rate policy | (879,697)     | (890,561)     |
| Investment return, net   | (3,466,655)   | 3,392,060     |
| Transfers and adjustments  | (156)         | 29,507        |
| Change in long term portion of planned giving                      | -             | 3,805         |
| Contributions  | 25,253        | 107,915       |
| Endowment net assets, end of year                                  | \$ 17,166,678 | \$ 21,487,933 |

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note E - Endowment Funds (Continued)**

##### *Interpretation of relevant law (continued)*

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Society has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no deficiencies in donor-restricted endowment funds as of September 30, 2022 and 2021, and thus, no action taken by the Society during 2022 or 2021 concerning appropriation from underwater endowment funds.

##### *Investment and spending policies*

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets consist of those assets of donor-restricted funds that the Society must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Governing Council, the endowment's assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark including 75% S&P 500 index and 25% Barclays Capital Aggregate Bond Index. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The Society has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned, including those endowments deemed to be underwater, each year. In establishing this policy, the Society considered the long-term expected return on its endowment. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average sufficient to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Wilderness Society and The Wilderness Society Action Fund

Notes to Consolidated Financial Statements (Continued)

**Note F - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods.

|  | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|
| Subject to specified purpose                                 | \$ 16,521,968        | \$ 5,958,209         |
| Subject to the passage of time                               | <u>6,933,334</u>     | <u>1,283,333</u>     |
|  | 23,455,302           | 7,241,542            |
| Subject to endowment policies:                               |                      |                      |
| Endowment corpus restricted in perpetuity                    | 11,261,917           | 11,263,806           |
| Planned giving agreements, net and donated insurance*        | 2,021,901            | 2,220,816            |
| Subject to endowment spending policy                         | <u>3,888,726</u>     | <u>8,166,381</u>     |
|  | 17,172,544           | 21,651,003           |
| Planned giving agreements, net and donated insurance^        | <u>3,878,979</u>     | <u>5,319,099</u>     |
|  | 44,506,825           | 34,211,644           |
| Reclassification of Action Fund net assets for consolidation | <u>(141,488)</u>     | <u>(402,570)</u>     |
| Total net assets with donor restrictions                     | <u>\$ 44,365,337</u> | <u>\$ 33,809,074</u> |

\*These amounts include \$267,009 and \$261,909 as of September 30, 2022 and 2021, respectively of donated insurance included in prepaid expenses and other assets on the consolidated statement of financial position.

^These amounts include \$207,200 and \$270,900 as of September 30, 2022 and 2021, respectively of short term beneficial interest included in accounts and contributions receivable, net on the consolidated statement of financial position. These amounts also include \$48,971 and \$45,195 as of September 30, 2022 and 2021, respectively of donated insurance included in prepaid expenses and other assets on the consolidated statement of financial position.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

|                                      | <u>2022</u>          | <u>2021</u>         |
|--------------------------------------|----------------------|---------------------|
| Purpose restriction                  | \$ 7,432,413         | \$ 6,725,300        |
| Time restriction:                    |                      |                     |
| Split interest agreements            | -                    | 158,175             |
| Multi-year pledge payments           | <u>4,389,555</u>     | <u>2,553,673</u>    |
| Net assets released from restriction | <u>\$ 11,821,968</u> | <u>\$ 9,437,148</u> |

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note G - Accounts and Contributions Receivable**

Accounts and contributions receivable, including long-term receivables, included the following at September 30:

|  | 2022          | 2021         |
|--|---------------|--------------|
| Contributions receivable:  |               |              |
| Due in one to five years   | \$ 12,500,000 | \$ 433,334   |
| Less: Allowance for uncollectible pledges                              | (713,000)     | (70,153)     |
| Less: Discount on long-term portion                                    | (1,129,649)   | (105,108)    |
|  | 10,657,351    | 258,073      |
| Due in less than one year  | 7,055,857     | 1,531,806    |
|  | 17,713,208    | 1,789,879    |
| Beneficial interest in assets held by others due in less than one year | 207,200       | 270,900      |
| Accounts receivable  | 3,994         | 745,946      |
|  | \$ 17,924,402 | \$ 2,806,725 |

#### **Note H - Fixed Assets**

Furniture, equipment, and leasehold improvements consist of the following at September 30:

|   | 2022         | 2021         |
|---|--------------|--------------|
| Furniture and equipment                   | \$ 197,080   | \$ 181,277   |
| Computer equipment and related assets     | 1,186,789    | 1,190,274    |
| Leasehold improvements                    | 3,226,429    | 3,226,430    |
|   | 4,610,298    | 4,597,981    |
| Accumulated depreciation and amortization | (1,110,959)  | (815,076)    |
|   | \$ 3,499,339 | \$ 3,782,905 |

#### **Note I - Obligations Under Facility and Other Leases**

The Society has entered into various operating lease agreements. In November 2011, the Society signed an amended non-cancelable lease for office space located at 1615 M Street, which extends through June 2023. Under the terms of the agreement, the Society is committed to annual rental payments adjusted for defined escalations based on rentable square feet. Rent expense, rent abatements, and other concessions are recognized on a straight-line basis over the term of the lease, with the difference between the straight-line rent and the actual rent payments being recorded as deferred rent and lease incentive obligation in the accompanying consolidated statements of financial position. As required by the terms of the lease, the Society maintains a letter-of-credit agreement for \$200,000 with a local financial institution for the benefit of the landlord.



## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note I - Obligations Under Facility and Other Leases (Continued)**

In June 2020, the Society signed a non-cancelable lease agreement for office space located at 1801 Pennsylvania Ave. The lease is for a term of 15 years with a one time 5 year renewable option. The lease agreement provides a tenant improvement allowance of approximately \$3,200,000. In accordance with GAAP, management recorded a lease incentive obligation of \$3,327,754 and \$3,136,946 as of September 30, 2022 and 2021, respectively, as deferred rent and lease incentive obligation in the accompanying consolidated statements of financial position. The lease incentive obligation is amortized monthly against rent expense over the remaining term of the lease, in accordance with GAAP. Under the terms of the agreement, the Society is committed to annual rental payments adjusted for defined escalations. As required by the terms of the lease, the Society maintains an irrevocable stand by letter of credit for \$1,800,000 with a local financial institution for the benefit of the landlord. The letter of credit is secured by a certificate of deposit in a like amount held by the same financial institution.

Occupancy expense under operating leases was \$2,972,583 and \$2,958,772 in 2022 and 2021, respectively.

The Society's future minimum payments for occupancy and equipment under noncancelable operating leases as of September 30, 2022 are:

|            | <u>Facility</u>      | <u>Equipment</u> | <u>Total</u>         |
|------------|----------------------|------------------|----------------------|
| 2023       | \$ 3,985,173         | \$ 23,405        | \$ 4,008,578         |
| 2024       | 2,194,356            | -                | 2,194,356            |
| 2025       | 2,198,919            | -                | 2,198,919            |
| 2026       | 2,200,512            | -                | 2,200,512            |
| 2027       | 2,203,443            | -                | 2,203,443            |
| Thereafter | 18,583,602           | -                | 18,583,602           |
| Total      | <u>\$ 31,366,005</u> | <u>\$ 23,405</u> | <u>\$ 31,389,410</u> |

#### **Note J - Rental Income**

The Society is the lessor of a portion of its building space to various organizations under operating leases. Rental income of \$27,820 and \$161,037 was recognized during the years ended September 30, 2022 and 2021, respectively, which is included in other revenue on the consolidated statements of activities.

## The Wilderness Society and The Wilderness Society Action Fund

### Notes to Consolidated Financial Statements (Continued)

#### **Note K - Allocation of Joint Costs of Direct Mailings**

The Society produces mailings that include programmatic and administrative information, together, with a request for contributions in support of the Society's mission. The costs of producing these mailings is not directly attributable to any single function. In 2022 and 2021, the Society incurred joint costs of \$7,250,970 and \$6,890,846, respectively, for informational materials and activities that included fundraising appeals. Of those costs, \$3,547,654 and \$3,613,718, respectively, were allocated to program expenses, \$774,886 and \$733,472, respectively, were allocated to management and general, and \$2,928,430 and \$2,543,656, respectively, remained in fundraising.

#### **Note L - Retirement Plan**

The Society sponsors a noncontributory defined contribution pension plan covering all eligible permanent employees. The Society makes quarterly contributions of 6% of the eligible compensation paid to plan participants. For the years ended September 30, 2022 and 2021, the Society contributed \$974,843 and \$819,599, respectively, to the plan.

#### **Note M - Related Party Transactions**

The consolidated statements of financial position include \$17,240,149 and \$1,416,203 in outstanding contributions receivable as of September 30, 2022 and 2021, respectively, from members of the Society's Governing Council. The Society recognized \$29,439,400 and \$8,360,344 in contribution revenue from these members for the years ended September 30, 2022 and 2021, respectively.

#### **Note N - Self-Insured Health Plan**

The Society provides self-insured health benefits for its program eligible employees. Under the Program, the Society pays the administrative fees and eligible claims of its employees up to \$70,000. Individual claims in excess of these limits are insured by a third-party insurance carrier.

The Society recorded claims payable and incurred but not reported of \$184,186 as of September 30, 2022 and 2021, which is included in accounts payable and accrued expenses in the accompanying consolidated statements of financial position. Additionally, the claims paid under this Program were \$2,568,364 and \$2,057,163 for the years ended September 30, 2022 and 2021, respectively.

It is inherently difficult to estimate the liability for claims payable and incurred but not reported as of the consolidated statement of financial position date due to the unknown nature of the claims and the potentially lengthy settlement process. This significant estimate is based on management's best estimate and judgment, and may be adjusted as more current information becomes available. Resulting adjustments could be material.

The Wilderness Society and The Wilderness Society Action Fund

Consolidating Schedule of Financial Position

September 30, 2022

|  | The<br>Wilderness<br>Society | The<br>Wilderness<br>Society Action<br>Fund | Reclassifications<br>& Eliminations | Total                |
|--|------------------------------|---|-------------------------------------|----------------------|
| <b>Assets</b>                                |                              |   |                                     |                      |
| Cash and cash equivalents                    | \$ 11,287,765                | \$ 1,282,536                                | \$ -                                | \$ 12,570,301        |
| Certificate of deposit                       | 1,805,946                    | -   | -                                   | 1,805,946            |
| Accounts and contributions receivable, net   | 7,217,051                    | 50,000                                      | -                                   | 7,267,051            |
| Investments                                  | 52,397,494                   | -   | -                                   | 52,397,494           |
| Planned giving investments                   | 3,036,882                    | -   | -                                   | 3,036,882            |
| Beneficial interest in assets held by others | 4,378,198                    | -   | -                                   | 4,378,198            |
| Long-term receivables, net                   | 10,657,351                   | -   | -                                   | 10,657,351           |
| Prepaid expenses and other assets            | 1,434,749                    | 13,615                                      | (215,830)                           | 1,232,534            |
| Fixed assets, net                            | 3,485,194                    | 14,145                                      | -                                   | 3,499,339            |
| Total assets                                 | <u>\$ 95,700,630</u>         | <u>\$ 1,360,296</u>                         | <u>\$ (215,830)</u>                 | <u>\$ 96,845,096</u> |
| <b>Liabilities and net assets</b>            |                              |   |                                     |                      |
| Liabilities:                                 |                              |   |                                     |                      |
| Accounts payable and accrued expenses        | \$ 3,376,317                 | \$ 287,305                                  | \$ (215,830)                        | \$ 3,447,792         |
| Deferred revenue                             | 265,945                      | 5,000                                       | -                                   | 270,945              |
| Deferred rent and lease incentive obligation | 4,198,061                    | -   | -                                   | 4,198,061            |
| Deposits                                     | 21,250                       | -   | -                                   | 21,250               |
| Planned giving liabilities                   | 2,037,380                    | -   | -                                   | 2,037,380            |
| Total liabilities                            | 9,898,953                    | 292,305                                     | (215,830)                           | 9,975,428            |
| Net assets:                                  |                              |   |                                     |                      |
| Without donor restrictions                   | 42,507,506                   | 1,017,991                                   | (1,021,166)                         | 42,504,331           |
| With donor restrictions                      | 43,294,171                   | 50,000                                      | 1,021,166                           | 44,365,337           |
| Total net assets                             | <u>85,801,677</u>            | <u>1,067,991</u>                            | <u>-</u>                            | <u>86,869,668</u>    |
| Total liabilities and net assets             | <u>\$ 95,700,630</u>         | <u>\$ 1,360,296</u>                         | <u>\$ (215,830)</u>                 | <u>\$ 96,845,096</u> |

The Wilderness Society and The Wilderness Society Action Fund

Consolidating Schedule of Financial Position

September 30, 2021

|  | The<br>Wilderness<br>Society | The<br>Wilderness<br>Society Action<br>Fund | Reclassifications<br>& Eliminations | Total                |
|--|------------------------------|---|-------------------------------------|----------------------|
| <b>Assets</b>                                |                              |   |                                     |                      |
| Cash and cash equivalents                    | \$ 9,671,886                 | \$ 1,499,962                                | \$ -                                | \$ 11,171,848        |
| Certificate of deposit                       | 1,802,732                    | -   | -                                   | 1,802,732            |
| Accounts and contributions receivable, net   | 2,498,652                    | 50,000                                      | -                                   | 2,548,652            |
| Investments                                  | 63,347,292                   | -   | -                                   | 63,347,292           |
| Planned giving investments                   | 3,913,165                    | -   | -                                   | 3,913,165            |
| Beneficial interest in assets held by others | 5,318,100                    | -   | -                                   | 5,318,100            |
| Long-term receivables, net                   | 208,073                      | 50,000                                      | -                                   | 258,073              |
| Prepaid expenses and other assets            | 1,899,851                    | 12,399                                      | (374,398)                           | 1,537,852            |
| Fixed assets, net                            | 3,761,389                    | 21,516                                      | -                                   | 3,782,905            |
| Total assets                                 | <u>\$ 92,421,140</u>         | <u>\$ 1,633,877</u>                         | <u>\$ (374,398)</u>                 | <u>\$ 93,680,619</u> |
| <b>Liabilities and net assets</b>            |                              |   |                                     |                      |
| Liabilities:                                 |                              |   |                                     |                      |
| Accounts payable and accrued expenses        | \$ 4,454,287                 | \$ 374,398                                  | \$ (374,398)                        | \$ 4,454,287         |
| Deferred revenue                             | 253,093                      | -   | -                                   | 253,093              |
| Deferred rent and lease incentive obligation | 4,080,024                    | -   | -                                   | 4,080,024            |
| Deposits                                     | 21,250                       | -   | -                                   | 21,250               |
| Planned giving liabilities                   | 2,276,962                    | -   | -                                   | 2,276,962            |
| Total liabilities                            | 11,085,616                   | 374,398                                     | (374,398)                           | 11,085,616           |
| Net assets:                                  |                              |   |                                     |                      |
| Without donor restrictions                   | 48,789,104                   | 1,159,479                                   | (1,162,654)                         | 48,785,929           |
| With donor restrictions                      | 32,546,420                   | 100,000                                     | 1,162,654                           | 33,809,074           |
| Total net assets                             | <u>81,335,524</u>            | <u>1,259,479</u>                            | <u>-</u>                            | <u>82,595,003</u>    |
| Total liabilities and net assets             | <u>\$ 92,421,140</u>         | <u>\$ 1,633,877</u>                         | <u>\$ (374,398)</u>                 | <u>\$ 93,680,619</u> |

# The Wilderness Society and The Wilderness Society Action Fund

## Consolidating Schedule of Activities

Year ended September 30, 2022

|   | The Wilderness Society        |                            |               | Action Fund                   |                            |              | Consolidated Totals |                               |                            |               |
|---|-------------------------------|----------------------------|---------------|-------------------------------|----------------------------|--------------|---------------------|-------------------------------|----------------------------|---------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total        | Eliminations        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total         |
| <b>Revenues</b>   |                               |                            |               |                               |                            |              |                     |                               |                            |               |
| Contributions   |                               |                            |               |                               |                            |              |                     |                               |                            |               |
| Individuals   | \$ 31,628,467                 | \$ 19,325,385              | \$ 50,953,852 | \$ 612,805                    | \$ -                       | \$ 612,805   | \$ -                | \$ 32,241,272                 | \$ 19,325,385              | \$ 51,566,657 |
| Foundations   | 63,000                        | 8,807,108                  | 8,870,108     | -                             | -                          | -            | -                   | 63,000                        | 8,807,108                  | 8,870,108     |
| Corporations  | 152,564                       | 60,000                     | 212,564       | 320,000                       | -                          | 320,000      | (320,000)           | 152,564                       | 60,000                     | 212,564       |
|   | 31,844,031                    | 28,192,493                 | 60,036,524    | 932,805                       | -                          | 932,805      | (320,000)           | 32,456,836                    | 28,192,493                 | 60,649,329    |
| Program services  | 66,903                        | -                          | 66,903        | -                             | -                          | -            | -                   | 66,903                        | -                          | 66,903        |
| Investment income, net  | 746,534                       | 321,458                    | 1,067,992     | 2,621                         | -                          | 2,621        | -                   | 749,155                       | 321,458                    | 1,070,613     |
| Spending policy   | 786,389                       | (786,389)                  | -             | -                             | -                          | -            | -                   | 786,389                       | (786,389)                  | -             |
| Other revenue   | 328,334                       | -                          | 328,334       | -                             | -                          | -            | -                   | 328,334                       | -                          | 328,334       |
|   | 33,772,191                    | 27,727,562                 | 61,499,753    | 935,426                       | -                          | 935,426      | (320,000)           | 34,387,617                    | 27,727,562                 | 62,115,179    |
| Net assets released from restrictions   | 11,771,968                    | (11,771,968)               | -             | 50,000                        | (50,000)                   | -            | -                   | 11,821,968                    | (11,821,968)               | -             |
| Total revenues  | 45,544,159                    | 15,955,594                 | 61,499,753    | 985,426                       | (50,000)                   | 935,426      | (320,000)           | 46,209,585                    | 15,905,594                 | 62,115,179    |
| <b>Expenses</b>   |                               |                            |               |                               |                            |              |                     |                               |                            |               |
| Program services:   |                               |                            |               |                               |                            |              |                     |                               |                            |               |
| Net zero  | 6,751,149                     | -                          | 6,751,149     | -                             | -                          | -            | -                   | 6,751,149                     | -                          | 6,751,149     |
| 30x30   | 15,133,988                    | -                          | 15,133,988    | -                             | -                          | -            | (320,000)           | 14,813,988                    | -                          | 14,813,988    |
| Community led conservation  | 7,253,324                     | -                          | 7,253,324     | -                             | -                          | -            | -                   | 7,253,324                     | -                          | 7,253,324     |
| Critical mass   | 3,153,616                     | -                          | 3,153,616     | -                             | -                          | -            | -                   | 3,153,616                     | -                          | 3,153,616     |
| Action fund   | -                             | -                          | -             | 1,126,914                     | -                          | 1,126,914    | -                   | 1,126,914                     | -                          | 1,126,914     |
|   | 32,292,077                    | -                          | 32,292,077    | 1,126,914                     | -                          | 1,126,914    | (320,000)           | 33,098,991                    | -                          | 33,098,991    |
| Supporting services:  |                               |                            |               |                               |                            |              |                     |                               |                            |               |
| Fundraising   | 8,502,853                     | -                          | 8,502,853     | -                             | -                          | -            | -                   | 8,502,853                     | -                          | 8,502,853     |
| Management and general  | 2,490,416                     | -                          | 2,490,416     | -                             | -                          | -            | -                   | 2,490,416                     | -                          | 2,490,416     |
|   | 10,993,269                    | -                          | 10,993,269    | -                             | -                          | -            | -                   | 10,993,269                    | -                          | 10,993,269    |
| Total expenses  | 43,285,346                    | -                          | 43,285,346    | 1,126,914                     | -                          | 1,126,914    | (320,000)           | 44,092,260                    | -                          | 44,092,260    |
| Change in net assets from operations  | 2,258,813                     | 15,955,594                 | 18,214,407    | (141,488)                     | (50,000)                   | (191,488)    | -                   | 2,117,325                     | 15,905,594                 | 18,022,919    |
| (Loss) Gain on investments  | (8,524,273)                   | (3,962,754)                | (12,487,027)  | -                             | -                          | -            | -                   | (8,524,273)                   | (3,962,754)                | (12,487,027)  |
| Change in value of beneficial interest  | -                             | (1,245,089)                | (1,245,089)   | -                             | -                          | -            | -                   | -                             | (1,245,089)                | (1,245,089)   |
| (Loss) on equipment disposal  | (16,138)                      | -                          | (16,138)      | -                             | -                          | -            | -                   | (16,138)                      | -                          | (16,138)      |
| Change in net assets  | (6,281,598)                   | 10,747,751                 | 4,466,153     | (141,488)                     | (50,000)                   | (191,488)    | -                   | (6,423,086)                   | 10,697,751                 | 4,274,665     |
| Net assets, beginning of year   | 48,789,104                    | 32,546,420                 | 81,335,524    | 1,159,479                     | 100,000                    | 1,259,479    | -                   | 48,785,929                    | 33,809,074                 | 82,595,003    |
| Net assets, end of year - prior to reclassification of Action Fund net assets for consolidation | 42,507,506                    | 43,294,171                 | 85,801,677    | 1,017,991                     | 50,000                     | 1,067,991    | -                   | 42,362,843                    | 44,506,825                 | 86,869,668    |
| Reclassification of Action Fund in consolidation  | -                             | -                          | -             | -                             | -                          | -            | -                   | 141,488                       | (141,488)                  | -             |
| Net assets, end of year   | \$ 42,507,506                 | \$ 43,294,171              | \$ 85,801,677 | \$ 1,017,991                  | \$ 50,000                  | \$ 1,067,991 | \$ -                | \$ 42,504,331                 | \$ 44,365,337              | \$ 86,869,668 |

# The Wilderness Society and The Wilderness Society Action Fund

## Consolidating Schedule of Activities

Year ended September 30, 2021

|   | The Wilderness Society        |                            |                      | Action Fund                   |                            |                     | Consolidated Totals |                               |                            |                      |
|---|-------------------------------|----------------------------|----------------------|-------------------------------|----------------------------|---------------------|---------------------|-------------------------------|----------------------------|----------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Eliminations        | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                |
| <b>Revenues</b>   |                               |                            |                      |                               |                            |                     |                     |                               |                            |                      |
| Contributions   |                               |                            |                      |                               |                            |                     |                     |                               |                            |                      |
| Individuals   | \$ 29,186,384                 | \$ 4,044,910               | \$ 33,231,294        | \$ 475,409                    | \$ 500,000                 | \$ 975,409          | \$ -                | \$ 29,661,793                 | \$ 4,544,910               | \$ 34,206,703        |
| Foundations   | 2,563,263                     | 3,703,631                  | 6,266,894            | -                             | -                          | -                   | -                   | 2,563,263                     | 3,703,631                  | 6,266,894            |
| Corporations  | 127,475                       | 5,000                      | 132,475              | 565,000                       | -                          | 565,000             | (565,000)           | 127,475                       | 5,000                      | 132,475              |
|   | <u>31,877,122</u>             | <u>7,753,541</u>           | <u>39,630,663</u>    | <u>1,040,409</u>              | <u>500,000</u>             | <u>1,540,409</u>    | <u>(565,000)</u>    | <u>32,352,531</u>             | <u>8,253,541</u>           | <u>40,606,072</u>    |
| Program services  | 126,223                       | -                          | 126,223              | -                             | -                          | -                   | -                   | 126,223                       | -                          | 126,223              |
| Investment income, net  | 496,534                       | 326,319                    | 822,853              | 1,777                         | -                          | 1,777               | -                   | 498,311                       | 326,319                    | 824,630              |
| Spending policy   | 795,995                       | (795,995)                  | -                    | -                             | -                          | -                   | -                   | 795,995                       | (795,995)                  | -                    |
| Other revenue   | 332,639                       | -                          | 332,639              | 999                           | -                          | 999                 | -                   | 333,638                       | -                          | 333,638              |
|   | <u>33,628,513</u>             | <u>7,283,865</u>           | <u>40,912,378</u>    | <u>1,043,185</u>              | <u>500,000</u>             | <u>1,543,185</u>    | <u>(565,000)</u>    | <u>34,106,698</u>             | <u>7,783,865</u>           | <u>41,890,563</u>    |
| Net assets released from restrictions   | 9,037,148                     | (9,037,148)                | -                    | 400,000                       | (400,000)                  | -                   | -                   | 9,437,148                     | (9,437,148)                | -                    |
| Total revenues  | <u>42,665,661</u>             | <u>(1,753,283)</u>         | <u>40,912,378</u>    | <u>1,443,185</u>              | <u>100,000</u>             | <u>1,543,185</u>    | <u>(565,000)</u>    | <u>43,543,846</u>             | <u>(1,653,283)</u>         | <u>41,890,563</u>    |
| <b>Expenses</b>   |                               |                            |                      |                               |                            |                     |                     |                               |                            |                      |
| Program services:   |                               |                            |                      |                               |                            |                     |                     |                               |                            |                      |
| Net zero  | 5,417,529                     | -                          | 5,417,529            | -                             | -                          | -                   | -                   | 5,417,529                     | -                          | 5,417,529            |
| 30x30   | 15,016,586                    | -                          | 15,016,586           | -                             | -                          | -                   | (565,000)           | 14,451,586                    | -                          | 14,451,586           |
| Community led conservation  | 4,724,919                     | -                          | 4,724,919            | -                             | -                          | -                   | -                   | 4,724,919                     | -                          | 4,724,919            |
| Critical mass   | 1,589,048                     | -                          | 1,589,048            | -                             | -                          | -                   | -                   | 1,589,048                     | -                          | 1,589,048            |
| Action fund   | -                             | -                          | -                    | 1,845,755                     | -                          | 1,845,755           | -                   | 1,845,755                     | -                          | 1,845,755            |
|   | <u>26,748,082</u>             | <u>-</u>                   | <u>26,748,082</u>    | <u>1,845,755</u>              | <u>-</u>                   | <u>1,845,755</u>    | <u>(565,000)</u>    | <u>28,028,837</u>             | <u>-</u>                   | <u>28,028,837</u>    |
| Supporting services:  |                               |                            |                      |                               |                            |                     |                     |                               |                            |                      |
| Fundraising   | 6,436,151                     | -                          | 6,436,151            | -                             | -                          | -                   | -                   | 6,436,151                     | -                          | 6,436,151            |
| Management and general  | 1,936,650                     | -                          | 1,936,650            | -                             | -                          | -                   | -                   | 1,936,650                     | -                          | 1,936,650            |
|   | <u>8,372,801</u>              | <u>-</u>                   | <u>8,372,801</u>     | <u>-</u>                      | <u>-</u>                   | <u>-</u>            | <u>-</u>            | <u>8,372,801</u>              | <u>-</u>                   | <u>8,372,801</u>     |
| Total expenses  | <u>35,120,883</u>             | <u>-</u>                   | <u>35,120,883</u>    | <u>1,845,755</u>              | <u>-</u>                   | <u>1,845,755</u>    | <u>(565,000)</u>    | <u>36,401,638</u>             | <u>-</u>                   | <u>36,401,638</u>    |
| Change in net assets from operations  | 7,544,778                     | (1,753,283)                | 5,791,495            | (402,570)                     | 100,000                    | (302,570)           | -                   | 7,142,208                     | (1,653,283)                | 5,488,925            |
| Gain on investments   | 4,651,113                     | 3,142,183                  | 7,793,296            | -                             | -                          | -                   | -                   | 4,651,113                     | 3,142,183                  | 7,793,296            |
| Change in value of beneficial interest  | -                             | 681,558                    | 681,558              | -                             | -                          | -                   | -                   | -                             | 681,558                    | 681,558              |
| Change in net assets  | <u>12,195,891</u>             | <u>2,070,458</u>           | <u>14,266,349</u>    | <u>(402,570)</u>              | <u>100,000</u>             | <u>(302,570)</u>    | <u>-</u>            | <u>11,793,321</u>             | <u>2,170,458</u>           | <u>13,963,779</u>    |
| Net assets, beginning of year   | <u>36,593,213</u>             | <u>30,475,962</u>          | <u>67,069,175</u>    | <u>1,562,049</u>              | <u>-</u>                   | <u>1,562,049</u>    | <u>-</u>            | <u>36,590,038</u>             | <u>32,041,186</u>          | <u>68,631,224</u>    |
| Net assets, end of year - prior to reclassification of Action Fund net assets for consolidation | 48,789,104                    | 32,546,420                 | 81,335,524           | 1,159,479                     | 100,000                    | 1,259,479           | -                   | 48,383,359                    | 34,211,644                 | 82,595,003           |
| Reclassification of Action Fund in consolidation  | -                             | -                          | -                    | -                             | -                          | -                   | -                   | 402,570                       | (402,570)                  | -                    |
| Net assets, end of year   | <u>\$ 48,789,104</u>          | <u>\$ 32,546,420</u>       | <u>\$ 81,335,524</u> | <u>\$ 1,159,479</u>           | <u>\$ 100,000</u>          | <u>\$ 1,259,479</u> | <u>\$ -</u>         | <u>\$ 48,785,929</u>          | <u>\$ 33,809,074</u>       | <u>\$ 82,595,003</u> |